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THE
ROYAL BANK
OF CANADA

Annual Report
1977

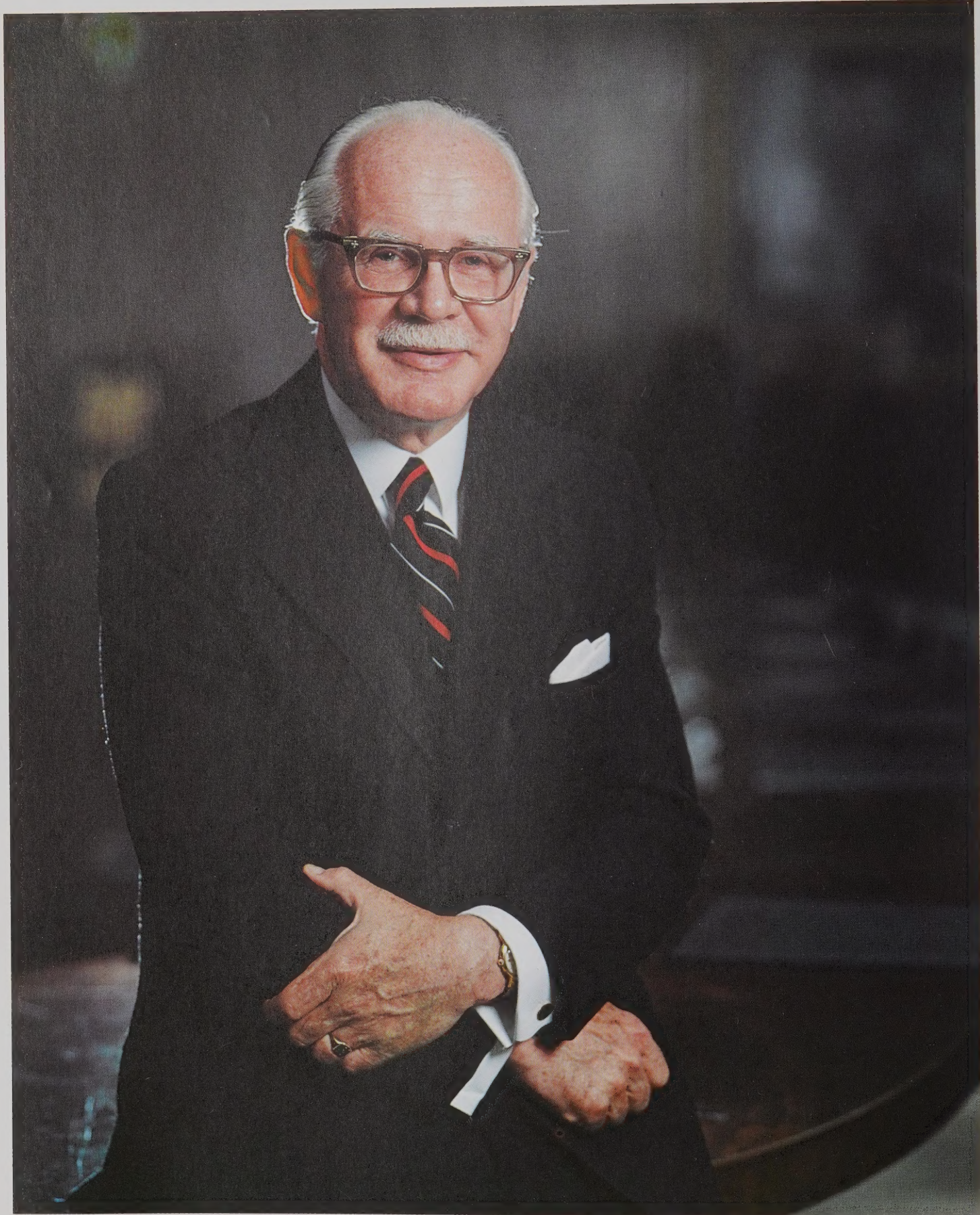
Highlights of the Year

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For the year ended October 31st	1977	1976	Increase
Balance of Revenue after Taxes (thousands)	\$168,822	\$157,389	7.3%
Dividends (thousands)	\$50,495	\$47,751	5.7%
Balance of Revenue after Taxes Per Share			
1st quarter	\$1.22	\$1.30	(6.2%)
2nd quarter	\$1.05	\$0.95	10.5%
3rd quarter	\$1.07	\$1.02	4.9%
4th quarter	\$1.27	\$1.03	23.3%
Full Year	\$4.61	\$4.30	7.2%
Dividends Per Share	\$1.38	\$1.30½	5.7%
At October 31st <i>In millions</i>			
Assets	\$34,350	\$28,832	19.1%
Loans	\$21,819	\$17,825	22.4%
Securities	\$3,403	\$3,185	6.8%
Deposits	\$31,380	\$26,291	19.4%
Capital	\$1,515	\$1,291	17.4%
<i>Number of</i>			
Shareholders	32,276	32,079	0.6%
Shares Outstanding	36,590,400	36,590,400	—
Employees	35,335	34,429	2.6%
Branches	1,595	1,567	1.8%

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W. Earle McLaughlin, Chairman of the Board and Chief Executive Officer.

Once again it is my privilege to present to our shareholders this Annual Report of the Royal Bank's activities. It has not been a spectacular year. Yet, it has not been disappointing either.

At home and abroad we have given a good account of ourselves, as you will see from Mr. Frazee's report to you beginning on page 5. Our successes are gratifying, considering the many problems that crowd in from all sides. We do have much to be thankful for, and even more to make us confident and optimistic about the future.

We, in Canada, have achieved, not completely but to a considerable extent, a way of life that is as secure and satisfying as may be found anywhere in the world. We have made great strides towards eliminating poverty; we have done much to reduce illness and have eased the financial burden from those who have the misfortune to be infirm; we have spread

the opportunity for education throughout the country; and even today, we manage to maintain a very positive ratio between freedom and order.

If we have a fault, we Canadians, it is that we take for granted the values and benefits of our Canadian way of life. This free society, eminent in the world because of its individual liberties and its great opportunities for self-advancement and the sense of security it provides to ease people's minds, was gained by the struggles and sacrifices of the men and women from whom we inherit it. It took courage and great enterprise to make Canada what it is today.

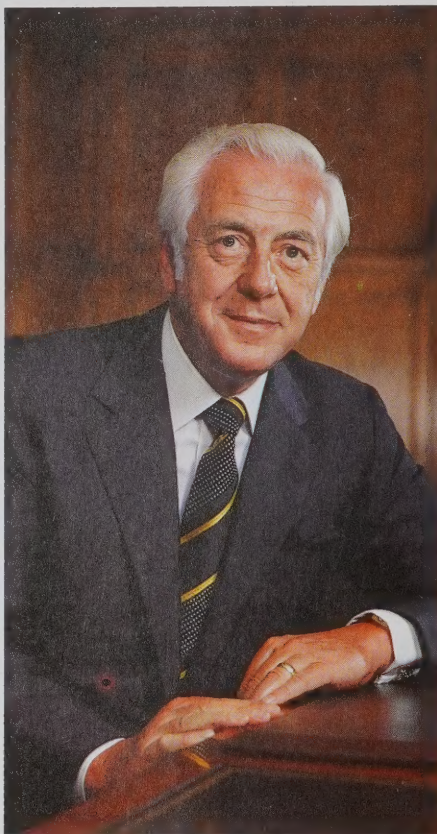
But for all that, we are still a developing country; a society in transition. All of life is dynamic, of course,

but the rate of change at this time in this country is awesome. Yet when I travel abroad, as I must and do frequently, I am encouraged and grateful at how well we fare in comparison with many others of the world community.

I remain confident of the future. I am optimistic that by talking and working together we shall continue to find compatible ways of resolving our many differences. We, at the Royal Bank, will continue to do our part as we have for the past hundred and nine odd years. In offering you this record of our efforts in 1977, I trust that you will find evidence of the depth of our commitment.

W. Earle McLaughlin.

W. Earle McLaughlin
Chairman of the Board and
Chief Executive Officer



J.K. Finlayson, Vice-Chairman, Montreal.



W.D.H. Gardiner, Vice-Chairman, Toronto.

by Rowland C. Frazee
President

Each year in this Report, we try to describe the context in which we operated, so that the year's financial results will have fuller meaning. Therefore, again this year, we attempted to find an adjective which would give the flavour of the way things were. For fiscal 1977, the word which seemed to fit best was *challenging*. But it so happens that this is a word we have used often in the past few years. In fact, *each* year is challenging in its own way. I could say, perhaps, that 1977 was an exceptionally challenging year, because we did have our concerns in Canada with inflation, unemployment, political uncertainty, lagging investment and a weakening dollar. Though many past years have been equally demanding, if for different reasons, Royal Bank people can feel a sense of accomplishment in having faced the particular challenges of 1977 and confirmed our resilience and health, as well as having achieved a significant measure of success, under very difficult circumstances.

Furthermore, it is encouraging to observe that economic forecasts are pointing to improvement in business conditions, though not at former buoyant rates. This change of pace in growth flows from a variety of circumstances in the Canadian and world economies and from shifting priorities in our society. In the Royal Bank, we look forward with confidence to continuing challenges, vigorous competition and firm disciplines. That Royal Bank people have amply demonstrated their ingenuity

and responsiveness in 1977 augurs well for the future.

Both in Canada and abroad, the Bank's business grew significantly during the year. Total assets, at year-end, were \$34.4 billion, up 19 per cent from a year earlier. After-tax balance of revenue, at \$168.8 million, was seven per cent higher than the previous year. For a detailed analysis of the financial results, please refer to the latter section of this Report commencing on page 26.

Social and Political Change

It is clear that the pattern of our future growth, and of the challenges we must face, will depend not only upon economic circumstances, but on changing priorities in our social and political environment. There is a wide variety of ways in which evolving values in the society around us are imposing new demands for responsiveness from business. For one thing, the very pace of change itself is accelerating. Therefore, in assessing social and political changes, and their economic implications, we find that planning has become very much an exercise in flexibility. Where corporate planners used to draw charts and project targets in terms of decades, they now plot trends only in terms of a few years. Even then, they must keep in mind an increasing possibility that the real future will turn out to be quite different from the projection.



Rowland C. Frazee, President.

Within the context of traditional business concerns—markets, volumes, costs, margins—we have only to point to the recent past to realize the rapidity of change. A comparison of the Royal Bank of 1977 with that of 1967 (the year the current version of the Bank Act came into effect) illustrates how rapidly and dramatically services, facilities, markets and our organization itself have changed. For example, the decade saw an increase in our total assets of more than 340 per cent, and introduction of some 50 new services. This was the era in which we became a large-scale residential mortgage lender; in which we introduced Chargex; moved firmly into consumer lending; developed specialized services or service packages for farmers, fishermen, small businessmen, professionals—the list is a long one, and, of course, includes prominently the effect of major steps into automation.

Clearly, as the needs and opportunities of the marketplace change and develop, so we must continually be devising new and better ways to serve profitably, to compete vigorously and innovatively. So, the work of providing up-to-date banking services continues to become more and more an exercise in flexibility.

But I have in mind some even more subtle and complex changes in our environment—changes in the values of the public and in its expectations of institutions such as ours. Such shifts in priorities have been very much at work during the past decade, and have resulted in a virtual metamorphosis of Canadian society and, in response, the Royal Bank.

It is evident, for example, that if we had attempted to achieve size, stature and success in the marketplace by efficiency of operations and marketing alone, we might well have faltered in our responsibility to provide a fulfilling working environment for employees and act as a respected corporate citizen of the society in which we live.

Today, more is expected of business corporations than simple economic efficiency. People expect the corporation to be highly conscious of the social impact of its objectives, policies and actions. Moreover, society's judgement of the corporation's success in meeting these wider expectations is, increasingly, reflected in ways which affect the bottom line.

Our performance as an employer is a case in point. In an environment where collective action seems to be preferred over individual flexibility and initiative, it is not surprising that some people would believe that unionization of bank employees is desirable. While unionization has achieved much that is positive in many fields, the crucial factor affecting the welfare of employees is the skill and responsiveness of management in providing a fulfilling and challenging work environment, with sensitivity and responsiveness to employee needs and aspirations.

Quite clearly, it is every employee's right to join a union, or to join with others to form one. Similarly, it is the employee's right not to join. The Bank has been scrupulous in avoiding any hint of coercion or undue influence one way or the other. Nevertheless, I think it could well be argued that a desire to unionize on the part of significant numbers of employees would be evidence that management had not been successful in providing those employees with the kind of sensitive and humane work environment which fills their needs and offers the right balance of challenge, opportunity and reward. When people find their needs are well met by direct interface with an employer they like and respect, and who is clearly concerned about them, they are less likely, in my view, to seek third-party intervention. This is not to say, however, that the quality of human resources management is the only factor, or that no well-managed company has been or will be unionized. Sometimes, opinion trends in society may be overwhelming, whatever the particular circumstances of a specific company may be.

This question has, of course, concerned us at the Bank during the past year when bargaining units were certified in three branches, representing a total of 38 staff members.



Day-to-day operations are the special interest of R.A. Utting, newly appointed Executive Vice-President and Deputy Chief General Manager. Mr. Utting moved from London, England where he directed the Bank's European operations, to his new position in Montreal early in 1978.

Status of Women

Another example of an area in which society's values are changing is the status of women. As the role of women in the community at large evolves, so too must evolve the Bank's response. You will recall I stated some years ago our firm determination to ensure equal opportunity for women in the Royal Bank, and to benefit from the full contribution of which each employee, male or female, is capable. We continue to make encouraging progress in this regard, with more and more qualified women moving up in management ranks.

You will also recall that last year I reported the formation of a special Taskforce on the Status of Women in the Royal Bank in Canada. I can now tell you that it submitted an interim report in June 1977 and will shortly submit its final report, with recommendations.

One of the group's interim recommendations, the appointment of an Equal Employment Opportunity Coordinator, in Head Office, has already been implemented. In general, the Taskforce has reported that it found the Bank can take pride in its *policies* on hiring, promotion, training, compensation, benefits and conditions of employment which are, without exception, equal and equitable for men and women. However, the group has also counselled closer scrutiny of the actual implementation of these sound policies throughout the system. The Taskforce also reports that the question of mobility—willingness to be transferred—was considered to be a major stumbling block to the advancement of qualified women in the Bank. As a result of this report, we have undertaken a complete review of the subject of mobility requirements, for all employees, male and female.

Government Regulation

I have referred to two areas where changes in society's ways of looking at things have affected the ways in which we manage the Bank internally. There are many others in which changes in the external social and political environment require response from the organization. One is the whole area of actual or prospective governmental regulation. If the public believes its institutions are not adequately responding to its expectations and standards, a natural reaction can be to seek governmental intervention. If, however, institutions such as ours succeed in being in tune with public expectations, calls for regulation are less likely.

The fairly recent Canadian tendency to choose the regulatory option and to place faith in the application of bureaucratic systems, as opposed to reliance on the natural interplay of market and social forces, is proving very costly to the country. To use legislation or regulation to cover every conceivable situation not only increases an already expensive

bureaucracy, but often results in lowered effectiveness in our enterprises. In the case of the Bank, for example, our staff must spend a growing amount of time and energy studying proposed legislation and complying with that which has been adopted, not to mention the difficulties of reconciling the sometimes conflicting provisions of different jurisdictions. In the long run, this makes banking services more costly to the community.

Particularly in times of economic slowdown, we Canadians should allow ourselves the minimum of legislation which, while well-meaning, may cast such a wide net that it constitutes a serious and costly impediment to normal and ethical business practices. Such legislation imposes heavy costs on our society, whether by inhibiting business activity directly, or indirectly by preoccupying businessmen with interpretation or compliance. In our view, such detailed regulatory legislation should not be considered until our economy is on the upswing, and even then, it should be carefully designed to protect the integrity of competitive forces and truly serve the consumer, without resorting to detailed intervention in legitimate practices.



Markets, volumes, costs and other graphic indicators of business form the backdrop for the work of B.J. McGill (left) and T.S. Dobson, both Executive Vice-Presidents. Our pictorial theme, this year, presents the Bank's senior management team and impressions of the banking environment.

Legislation Concerning Banking

While the overall tendency to look to government to solve everything affects all of Canadian business, there is currently a particular focus upon banking. We have, for example, the decennial revision of the Bank Act, regrettably much postponed. Additionally, much time was devoted during 1977 to the Borrowers' and Depositors' Protection Act. Certain aspects of the Competition Bill concerned us and took much time and attention. Certain provincial legislation in the consumer protection field also required attention. And, of course, such general legislation as the Charter of the French Language in Quebec, Bill 101, and the revisions to the Canada Labour Code, absorbed many hours of management time.

The Bank Act

From a banker's point of view, certainly the most important piece of legislation is the revision of the Bank Act. We have fully endorsed the basic thrust of the revisions envisioned by the government's White Paper, which were based on the principle of increased competition, and of recognizing that it is not only the chartered banks which are actually doing a banking business in Canada. Insofar as the near-banks are concerned, we firmly believe equity and efficiency would

demand reasonable consistency of the rules under which banking business is conducted, whether by a chartered bank, or by a near-bank. Certainly, we would not have advocated some central control over the banking activities of the near-banks, if they had not grown to be such a substantial part of the country's financial system. We are quite prepared to compete vigorously with them, but feel it would be in the public interest for this competition to be under more uniform rules.

The same basic attitude also applies to the question of foreign banks in Canada. In this connection we applauded the intention, expressed in the government's White Paper, of allowing foreign banks greater access—officially recognized and regulated—to the Canadian market, in return for reciprocal

privileges for Canadian banks in other countries. As banking is involved with so much of a country's economic life, we certainly believe that the control of Canadian banking must remain essentially in Canadian hands. Because of this, we agree safeguards are necessary. But we also are aware that foreign banks—and in large numbers—are already operating in Canada today. As they do not call themselves banks, because of the current law, they are largely unregulated. To revise the Bank Act to bring this out on the table seems to us a healthy approach. If this officially-recognized and regulated admission of foreign banks were to come about, we at the Royal Bank are confident of our ability to compete at home and abroad. And if changes in our domestic banking law help open up opportunities for us in other countries, we will do our best to capitalize upon them rapidly and with energy.



Finance and Investments—F & I for short—is a world of telephones, calculators, glowing phosphor read-out screens and big numbers. Involved daily, often hourly are, Mrs. M.M. Smith, Manager, Financial Planning, G.C. Aitken, Deputy General Manager, Investments and R.C. Paterson, Senior Vice-President and General Manager (F & I).

Quebec's Bill 101

We were among many concerned corporations who presented briefs to the Quebec Parliamentary Committee studying Bill 1, which became Bill 101, and two officers of the Bank and I appeared before the Committee. Unfortunately, certain changes we proposed were not made. Quite clearly, the effects of this language law are a matter of concern to us.

At the Parliamentary Committee appearance, and in our official brief, we stated our support for the underlying goals of the legislation, in that it seeks the preservation, enhancement and expansion of the French language in Quebec, and its wider use in all aspects of the life of Quebec society. We stated also that we accept that French should be the primary language of Quebec. We described the substantial progress made in recent years in the increased use of French in the operations of our Quebec District.

However, we expressed grave reservations, first about the preservation of our capacity to serve English-speaking customers appropriately, in their own language, and second, about the ability of our Head Office, which must operate primarily in English, to attract or transfer in unilingual English-speaking staff.

Additionally, we expressed concerns about the narrowing of horizons for the children of francophone employees, who are not provided access to the English-language education system, if they desire it. As English is the majority language of business, and of banking, the world over, and since we Canadians rely more and more on international trade, it is evident that a good knowledge of English is—and is likely to remain—a prerequisite for advancement to senior positions in business in North America.

The language law is now in effect. It therefore seems

appropriate to state, as clearly and as briefly as possible, the Bank's current position on it.

First, we remain concerned about the overall environment and climate in which our English-speaking Head Office employees—many of them unilingual—must live. Additionally, although temporary residents may be exempted from the rules which prevent immigrants to Quebec from sending their children to English schools, the difficulties faced by parents with school-age children transferring from elsewhere in Canada to head offices in Montreal, including ours, are very real. The effect upon the staffing of our own Head Office with the best people available throughout our system remains problematical.

Second, the law has been studied very closely not only by our own officers, but by outside counsel, and because of our status as a chartered bank, engaged in a field of activity which is clearly and exclusively in the federal jurisdiction, there are many parts of the law which, we are told, are not applicable to our operations. These include articles dealing with labour relations, and with the use of our corporate name in English. Accordingly, there are a number of actions which the law requires of most companies in Quebec, which are not required of us.

On the other hand, there are parts of the law which *are* properly applicable to us, and with which we must comply. Moreover, we will undertake certain actions which, though not strictly required of us, represent sound business policy and good corporate citizenship. One such action was the recent establishment of a Language Committee to examine the uses and furtherance of the French language in our operations in Quebec, this committee being similar to—but not identical with—the francization committee required of most Quebec companies by law.



Administration forges the link between the systems and the personnel who depend on them for data processing and day-to-day operations. Ms. M. Walton, newly appointed Equal Employment Opportunity Co-ordinator, examines the computer tape-drives which run pay-roll and personnel data. C.N. Downing, Deputy General Manager, Systems and Processing Operations, left and W.A. Arthur, Senior Vice-President and General Manager (Administration) explain.

In general, our approach to Bill 101 and its objectives remains a positive one, based on a spirit of goodwill and good corporate citizenship. As a result, where possible and practical, and having due regard for the interests of all concerned, including both anglophone and francophone staff and customers, we will follow the *spirit* of the law. This is consistent with the approach we have taken in the past to legislation in other provinces which was not strictly applicable to us as an enterprise in a federally-regulated field of activity.

All our concerns about the situation in Quebec notwithstanding, The Royal Bank of Canada intends to remain integrally involved in Quebec as a financial institution and as an employer. We have operated profitably and as a substantial contributor to Quebec's economy for three quarters of a century, and intend to continue. Additionally, of course, our Head Office, the world headquarters of what is now a major international bank, is located in Montreal. We intend that it remain here, in the confidence that it can continue as a fully effective functioning unit.

An Activist Society

Still another set of challenges present themselves to the Bank outside of the context of governmental intervention. I am referring here to the fact that we live in an increasingly activist society, in which citizens band together to express concerns, press for changes, and bring certain policy matters to the attention of the media and the public. While such active participation in society is certainly a healthy demonstration of active citizenship, these various pressure groups also present new and sometimes difficult challenges to business institutions. A good case in point is an increasing interest in "social audits" of corporations, and in such questions as the degree and nature of the involvement of Canadian business in countries where human rights may be violated.

A good case in point is the question of the economic relationships between Canada and South Africa. Recent events in that tragic country—and recent changes in Canadian policy—have increased the attention being given to the question by Canadians. Additionally, of course, shareholders are aware of the interventions of the Taskforce on the Churches and Corporate Responsibility at our last two annual general meetings of shareholders. This group, and other concerned Canadians, have suggested that Canadian banks undertake to place an embargo on all loans to the government and state agencies of the Republic of South Africa, until that government abandons or significantly changes its policies of apartheid.

The Royal Bank's position in this matter is clear. Our corporate objectives—which I have quoted in this Report before—require that we "anticipate and accept accountability for the direct and indirect economic and social consequences of our business decisions". In the field of international lending, this commitment of policy and principle requires that each *individual* loan proposition—whatever and wherever the prospective borrower may be—be carefully examined not only from the traditional points of view of security, risk and return, but also from a social perspective.

This general policy, applying as it does to all lending decisions, fully covers the wide variety of situations in many different countries—countries with regimes of all political styles—in which economic, social and political situations may be changing quite rapidly. Thus, interpretation of the Bank's policy might result in our saying yes to a given loan in a given country, while it might equally cause us to refuse another loan to the same borrower, at a different time or for a different purpose. *All* the specific circumstances of *each* loan must be taken into account. It may be considered unfortunate by some, incidentally, that the important rule of banker-client confidentiality prevents the banker, in the absence of the client's authorization, from reporting either the negative or the positive decision.



Canadian business, industry and economic conditions vary so much from province to province, region to region, that the Bank positions senior executive officers in strategic locations across the country. Of these, Vice-Presidents H.E. McClenaghan (left) and W.S. Snook (right) represent the Bank in Ontario. Quebec is in the capable hands of P.A. Fréchette, centre. W.D. Henry, Vice-President and General Manager (lower picture) directs operations in British Columbia.



Overall, we believe our policy gives lending officers a basis of principle, within which they have the flexibility and responsibility to make careful judgements in specific cases. We are convinced this approach is more sound than that of announcing embargoes on particular borrowers, particular governments or particular countries.

At the same time, it should not surprise anyone if I say that current conditions in a number of countries around the world are not such as to provide a high likelihood of loan propositions which would meet our various criteria of acceptability.

Another example of an issue raised by concerned citizens in an increasingly activist society is the question of the compliance by Canadian exporters with provisions of the Arab countries' trade boycott against Israel. Some were concerned that Canadian banks, in processing letters of credit related to Canada-Middle East trade, might be "enforcing" provisions of the Arab boycott, resulting in discrimination by Canadians against other Canadians, and extraterritorial application, in Canada, of Arab rules or laws. After careful study, we have full confidence that our policy and practice avoid such discrimination.

Meeting the Challenges

Because of the important changes in the social and political environment in which we operate, I have discussed a number of the new kinds of challenges the Bank must meet. But the basic business of banking remains the provision of service to customers, and the devising of better ways to do so. Here, too, there are challenges to test the ingenuity and judgement of all of our staff, at home and abroad.



In world trade centres abroad, Royal Bank operations make a very significant contribution to profit: one third in 1977. Providing overall policy, direction and strategic planning are M.A. Brennan, Regional Manager, Latin America, left, M.J. Regan, Deputy General Manager, International and A.R. Taylor, Senior Vice-President and General Manager (International). A.A. Johnson, lower picture, is General Manager, Latin America and Caribbean.



International Operations

The significance of our international banking activities in terms of the Bank's overall profitability is evident in our results. About one third of our business is in the international sector, and our position and reputation as one of the world's leading banks is of great importance to us. The fiscal 1977 results of our international operations were achieved in conditions as difficult as those facing us in Canada.

The changing patterns of international finance, coupled with the prevalence of difficult economic conditions in many of the countries of the world, have required constant alertness and ingenuity from our international staff, as we serve in complex and volatile markets.

Because of this, the need for flexibility of planning is even stronger in the international banking field than in domestic operations. So is the need to assess the impact of quick-paced social and political developments. As I have reported before, there has been a shift in emphasis over the past few years from branch-based retail banking in foreign countries, towards a relatively

heavier involvement in wholesale international banking involving large transactions on the interbank, governmental and large corporate level, often through consortia of major world banks. This is a more sophisticated and complex kind of banking, and we can be proud of the record of our own officers in this arena.

And there are even newer challenges arising. One of these is a pressing need to reappraise the world's funding system and to find new ways to accomplish needed international flows of capital. The large surpluses of funds garnered by the oil-rich OPEC countries provide a case in point, as these funds seek beneficial investment opportunities. A related concern is the counterpart phenomenon of OPEC's impact on other national economies, including the financing of important balance of payment deficits in Western countries, resulting from quintupled oil costs.

For example, in 1977, some \$35 billion in petrodollars were invested by the OPEC countries, and increased oil costs contributed something in the order of \$10 billion to the balance of payment deficits of the 24-member countries of the Organization for Economic Cooperation and Development, most of which are industrialized oil importing countries. Since 1973, the deterioration of the deficits in these countries due to increased oil costs has been \$60 billion.



With London's Trafalgar Square for background, the Bank's international executive abroad discuss new assignments. At left, B.M. Lamont becomes General Manager, Middle East & Africa; R.G.P. Styles is named Vice-President, Europe, Middle East & Africa residing in London, England and N.H.P. Hardinge is General Manager, U.K. and Scandinavia and A. de Takacsy continues as General Manager, Continental Europe. J.M. Walker, left lower picture, becomes General Manager, U.S.A. and P.J. Rossiter is named General Manager, Asia and Australia.



There is also an increasingly urgent need to devise improved mechanisms for the sharing of the world's wealth with less developed countries—LDCs—and to assess the role of private-sector banks in providing an adequate supply of sufficiently long-term loans to help these countries fund their needed social and economic development programs. Indeed, the entire question of the provision of funding for countries whose economies are either not sufficiently developed or not broadly-enough based is one to which both international monetary bodies and the commercial banks must continue to address themselves. The ability of some of these countries to shoulder burdensome national debts is a concern of considerable magnitude.

In light of these changing circumstances on the international financial scene, as well as the growing success in our markets, we undertook some further organizational adjustments in our International Division during 1977. This included creation of two separate administrative groups concerned with the Middle East and Africa, on the one hand, and Asia and Australia, on the other. One group had previously had responsibility for all of these areas. Moreover, in view of the growing importance of the European money markets, we have shifted administration of the Middle East and Africa Area from Montreal to London, England.

Canadian Operations

Though earnings from our Canadian operations were less satisfying than those from the international sector, our domestic business reflected continued growth, both in the retail or personal sector, and at the corporate and governmental level.

Residential Mortgages

One good example of achievement in the personal sector was our residential mortgage operation, in which fiscal 1977 was a milestone year. Since the 1967 revision of the Bank Act, when banks re-entered the mortgage field, the Royal Bank has granted 202,000 residential mortgages, representing a total of \$5.5 billion loaned for housing.

In 1977 alone, we increased our volume over 1976 by some 50 per cent, and granted 39,000 mortgages, a total of \$1.5 billion loaned. As of October 31, 1977, we were servicing—for ourselves and for those investors to whom we have sold Royal Bank mortgages on the secondary mortgage market—a residential mortgage portfolio of 160,000 accounts, representing loan balances outstanding of nearly \$3.8 billion. Our ability to assist so many Canadians with home financing, and our record in doing so, is a matter of considerable pride for all of us in the Bank.



Core of the Royal Bank continues to be the branch network in Canada. Heading the Canadian operations is H.E. Wyatt, (left), Senior Vice-President and General Manager (Canada). The scene is Montreal Main Branch whose manager is D.S. Wells, Assistant General Manager, far right, next to him is J.H.E. Bolduc, Deputy Manager, then C.O. Rochon, General Manager, Montreal District.

Consumer Lending

You will recall that during the year there was a drop in consumer loan rates in Canada, despite the rising administrative costs associated with this type of lending. Rather than change our rate to a new rigid and set rate, we took the opportunity to further refine our Termplan loan program by introducing a flexible rate structure, with rates ranging from 10½ per cent to 14½ per cent, depending on risk, term and security. This allows us to offer closely competitive rates to borrowers who have clearly demonstrated their responsibility, or who provide ample security, while also giving us the flexibility to lend at reasonable rates to customers who otherwise would not have qualified, under the blanket application of previous set rates. Since its introduction, we have found this flexible rate structure permits us to serve people with more variety of credit circumstances, while still achieving profitable results.

Independent Business, Professionals, Farms and Fisheries

Important as we consider our services to individual consumers, we also place a high degree of emphasis on Canada's independent or smaller businesses, the backbone of the Canadian economy.

To meet the special needs of small and medium-sized businesses in various fields in Canada, we have devised over the past few years an Independent Business Program which offers information and counsel, as well as financial services. Our special series of brochures entitled "Your Business Matters" has now achieved the widest recognition in business, governmental and educational circles. We continue to add to the series as new needs arise in these vital sectors of our Canadian business life.

We have further developed our services for graduating and practicing professionals, introducing a life insurance feature in the "seed money" loans we make to interested professionals such as architects, chartered accountants, dentists, engineers,

lawyers and medical practitioners. The Royal Bank also continues to be closely linked with the important fisheries industry in Canada through special programs with the flexibility required by the unique conditions of commercial fishing.

Meanwhile, with our innovative RoyFarm mortgage program introducing a 25-year amortized mortgage for land, buildings and debt consolidation, our well-established Farmplan will provide a complete package of short, medium and long-term financial services to commercial farmers in Canada, from coast to coast.

Econoscope

Although there is no shortage of raw economic news in Canada, our Economics Department has identified a need for results-oriented analysis and interpretation. Consequently, it has created a new monthly economic analysis and information service called Econoscope which now appears in a magazine and cassette format. These, which carry complementary information, will focus on Canada and gives a Canadian perspective on the economic world. It should prove helpful as a management tool for businesses large and small, in an environment where accurate planning is essential.



Corporate Banking Division finds itself primarily involved with project financing. Members of the Division are very much at home with the financial complexities of oil and gas exploration, transportation management, forest products. Involved in such transactions are J.C. McMillan, (left) Senior Vice-President and General Manager (Corporate Banking, Canada), Assistant General Manager, Project Financing G.J. Johnson and J.P. Beland, Manager Project Financing.

Oil and Gas Industries

Activity in western Canada in the oil and gas industries is at an unprecedented high, of course. In terms of banking involvement, within the day-to-day financing of oil and gas explorations, the Royal Bank provides approximately one third of the volume of bank loans required by the Canadian petroleum industry. Production loans employed in the important business of petroleum exploration and development expanded by 34 per cent in the last 12 months. Internationally, we played a part in several complex financings of North Sea oil and gas fields where the knowledge we gained will be useful in our handling equally complex northern frontier energy projects.

Considering the crucial importance of energy to the Canadian economy, it is evident that we need a positive approach to energy development in our country. Emphasis on conservation will do much to spin out our supply, but this should not dislodge development of new energy sources as a critical national priority.

We should reflect soberly on the fact that we rely heavily on foreign sources of energy which not only affects our balance of payments, but creates additional barriers to industrial development.

Leasing

In the light of changes which have been proposed by the government in its White Paper on Bank Act revision, it appears clear that lease financing services are destined to take on an appropriately larger role in the activities of Canadian chartered banks. Wishing to add to the Royal Bank's capability to meet our customers' needs for this kind of financing, we announced early in 1977 the acquisition of CanPac Leasing Limited, one of the country's major lease financing organizations, engaging in a broad range of equipment leasing to Canadian business. Renamed RoyLease Limited, the company is operating for the present as a wholly-owned subsidiary of the Bank, and continues to show good growth in its business, as does that of RoyMarine Leasing Limited, also now wholly-owned. We have high hopes for its contribution to the Bank's overall capacity to serve clients.

Premises

Our capacity to serve clients is, of course, affected by the location and quality of the various offices and branches in which our staff work and where the majority of clients seek service. Accordingly, we consider continuing investments in new buildings, both branches and administrative centres, and in renovation of older ones, to be essential.

Worthy of note in this area is not only the opening during the year of our new regional headquarters building in Toronto, Royal Bank Plaza, but plans for a new main branch and regional headquarters building in Regina; a new main branch in Victoria, B.C.; and a major rebuilding of our existing main branch building in Ottawa. In September, we opened a new major data processing centre building in Montreal, and new branch premises of some importance were completed during 1977 in such diverse locations as Halifax, N.S.; Port Coquitlam, B.C.; Cardston, Alberta; and Swan River, Manitoba.

Personnel

I would now like to turn to the most important factor influencing our success—the dedication and skill of the Royal Bank's 35,335 staff people. Not only is it appropriate to express appreciation for their contribution and support, but also to highlight a fact which my description of the tests we face has undoubtedly pointed out—banking is very much a field for flexible, energetic, versatile and innovative people. If ever the caricature image of banking as a dry-as-dust occupation for dull people contained a grain of truth, today's reality is far different. A banking career today offers opportunities and problems to test the ingenuity and scope of the most creative person—and provides, along with material remuneration, the important rewards which come from knowing one is serving the community in a meaningful way. Royal Bank people have every reason to be proud of their role in Canadian society, and of the level of excellence they have achieved in a world which can only be described by the word with which I started this Report—challenging. They have my sincere thanks for their efforts.

I would also like to thank the 32,276 shareholders for their continuing support and confidence. I and the rest of the Bank's employees appreciate their faith in us and pledge our continuing efforts to merit it.

I turn now to a more detailed reporting and analysis of our financial results, and comment on particular matters of achievement or concern, in the context of the Bank's overall profitability.

Summary

Our financial results for 1977 reflect a year of satisfactory progress. Balance of revenue after tax, which is shown on chart 1, was \$168.8 million, an increase of seven per cent from the \$157.4 million earned in the previous year. On a per share basis, earnings were \$4.61 up from \$4.30 per share in 1976.

Our seven per cent increase in earnings compares favourably with the three per cent increase in earnings we achieved in 1976, but it is below the 19 per cent rate at which our total average assets increased.

In 1978 we are confident, given an improving economic climate and a more favourable financial environment, that continued close attention to profitability and control of expenses on the part of management will produce an increase in earnings closer to the growth in our business volumes and historical earnings.

Domestic/International Earnings

After-tax earnings from domestic operations at \$113.6 million were almost unchanged from the \$113.9 million of fiscal 1976. Domestic business volumes, as measured by the growth in average domestic assets, shown on chart 2, increased by 15.6 per cent. While net interest spread was squeezed considerably, the rate of growth in non-interest expenses was reduced

CHART 1

BALANCE OF REVENUE AFTER TAX
(IN BRACKETS—DOLLARS PER SHARE)

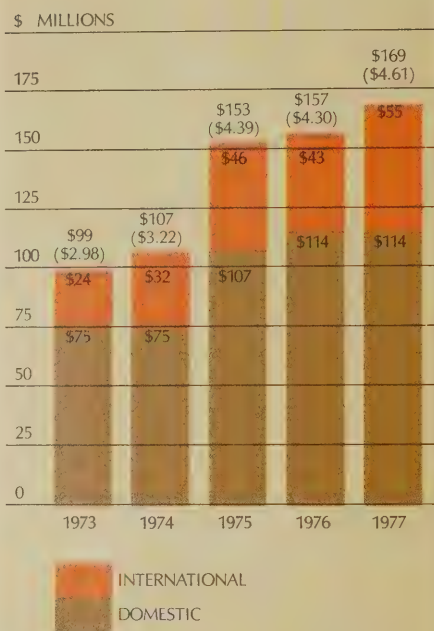


CHART 2

TOTAL ASSETS
(ANNUAL AVERAGE)



substantially from 20.1 per cent in 1976 to 15.4 per cent, thus enabling the domestic operations to maintain their level of contribution. The improvement in our earnings in 1977 came from our international operations. The international contribution increased 27 per cent to \$55.2 million, a very strong recovery from the six per cent decrease reported in 1976 compared to 1975. After a period of relatively slow growth in international business volumes from 1974 through 1976 there was a very rapid increase of 26 per cent in 1977 in average international assets when these are measured in their Canadian dollar equivalent. Almost half of the increase, however, is a result of translating our foreign currency assets, which are primarily loans granted in U.S. dollars, into Canadian dollars at the appropriate exchange rate. From a high point in late 1976 when a Canadian dollar was equal to \$1.03 U.S. the exchange rate fell to nearly 90¢ U.S. by the end of the 1977 fiscal year.

This year, 67 per cent of after-tax earnings were from our domestic operations and 33 per cent from international. This is a significantly larger proportion than the 24 per cent contributed by international operations in 1973.

This increase in international earnings over the last five years has been a result of increasing profitability rather than a more rapid expansion of business internationally. As can be seen from chart 2 which shows the breakdown of our total assets into domestic and international, both areas have increased at roughly the same rate. At \$10 billion, international assets comprise 31 per cent of the total, an unchanged proportion from five years ago.

Geographic Distribution of International Operations

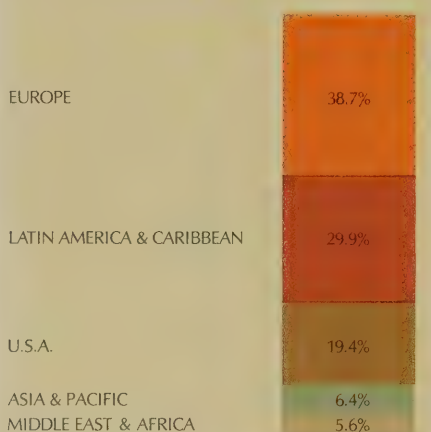
A major reason for the highly successful growth of our international operations has been the world-wide scope of our operations. There are many factors which have led to the high reputation the Royal enjoys throughout the world. Two of the most important are the stability and strength of the Bank's position in Canada and the high, professional caliber of our international personnel.

Chart 3 shows the diversity of our international business. We have portrayed the geographic distribution of earnings assets—loans, securities and deposits with other banks—on the basis of the residency of the final security for the assets. This means, as an example, a loan to a European company's subsidiary for a project in Asia is classified as European if the parent company has guaranteed the loan, but as an Asian loan if our final security is perhaps a mortgage on the building or project itself.

The wide geographic distribution of our business helps ensure that difficult conditions in one

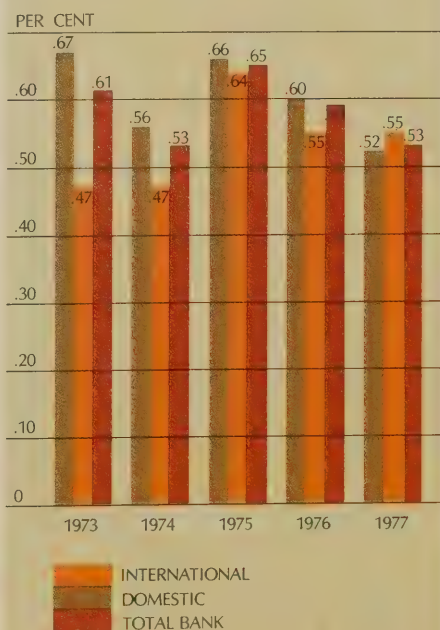
CHART 3
GEOGRAPHIC DISTRIBUTION OF RISK*
(AS AT OCT. 31, 1977)

PER CENT BY AREA



* BASED ON FOREIGN CURRENCY EARNING ASSETS OUTSIDE CANADA.
TOTAL BALANCES AT OCT. 31, 1977 \$10.1 BILLION

CHART 4
RETURN ON ASSETS
(BALANCE OF REVENUE AFTER TAX AS A PER CENT OF AVERAGE TOTAL ASSETS)



area do not have a severely adverse effect on our performance as a whole.

Profitability of Domestic and International Operations

Our domestic banking and international banking operations are in many ways very different but there must be certain standards of comparison for the two. A major measure of profitability which we use for the Bank as a whole, as well as for the domestic and international operations, is return on assets. This is the ratio of after-tax earnings to average total assets and is shown on chart 4. The Bank's return in 1977 was .53 per cent. One way of interpreting this return on assets is to say that the Bank has earned, after taxes, 53¢ for every \$100 of assets.

(In order that interested shareholders can see the trend of major items of revenue and expense over a ten-year history we have included a ten-year analytical review following the financial statements which includes, among other information, the ratio of after-tax earnings and its components to total average assets.)

It is apparent that our annual earnings performance as measured by the return on assets has been falling in the last two years in spite of bottom line increases in total earnings. Since the exceptionally favourable financial conditions of 1975 we have seen our assets grow 14 per cent and 19 per cent in 1976 and 1977, while earnings have grown three per cent and seven per cent with a consequent decline in return on assets for the Bank as a whole from .65 per cent in 1975 to .53 per cent this year.

From chart 4 you can see that our international profitability at .55 per cent in 1977 was the same as in 1976. This means that we were able to translate the 26 per cent increase in business volumes into a similar increase in earnings. Although this .55 per cent international return is below the very good 1975 performance it is significantly above the 1973 and 1974 returns of .47 per cent. Also it is noteworthy that for the first time in recent years international has earned a higher return than our domestic operations.

The profitability of our domestic operations has fallen in the past three years from .66 per cent to .52 per cent this year and I will discuss some of the major factors behind these results shortly. First, I would like to discuss briefly the growth in deposits and capital.

Deposit Growth and Capital

The rapid growth in the Bank's deposits can be seen on chart 5. The average of \$29 billion of deposits in 1977 is 19 per cent above the previous year and almost double the level of five years ago. During 1977 our total deposits exceeded \$30 billion, and by the end of fiscal 1977 had risen to \$31.4 billion, more than \$5 billion greater than at October 31, 1976.

Because of this rapid growth in deposits it is especially important for the Bank to maintain a strong capital base. Chart 6 shows the growth in our capital from \$850 million to \$1.5 billion over the last five years, an increase of \$665 million. The most important source of capital is the earnings of the Bank which are retained and reinvested in our operations.

CHART 5

TOTAL DEPOSITS
IN CANADIAN AND FOREIGN CURRENCIES
(ANNUAL AVERAGE)

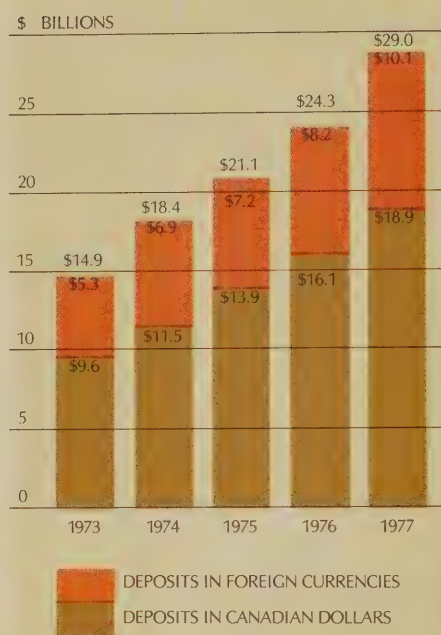
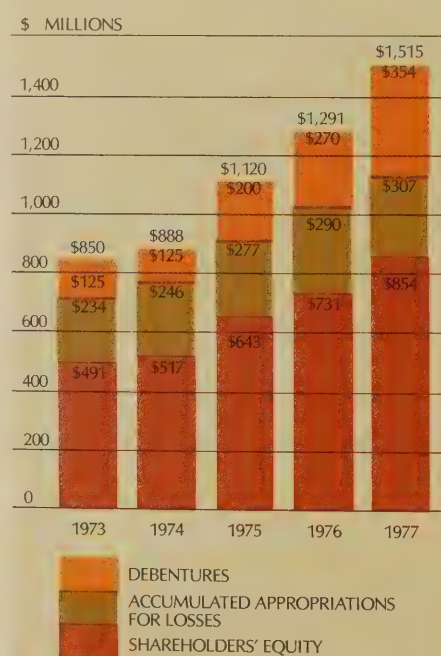


CHART 6

TOTAL CAPITAL
(YEAR-END BALANCES)



In 1977 we increased our capital by \$224 million, including an increase of \$123 million in shareholders' equity. This increase is essentially the net amount of our earnings after paying dividends to our shareholders.

We had two issues of new debentures during the year, raising \$80 million in February and \$75 million in June. During the year, \$71 million of debentures we had issued in 1971 were redeemed. This has brought our debentures outstanding to \$354 million, a net increase of \$84 million.

Our accumulated appropriations for losses, which is a contingency reserve which we have set aside from our earnings to provide for the possibility of unforeseen future losses, was also increased and at year-end was \$307 million, \$17 million more than last year.

The total increase in capital of \$224 million was 17 per cent, slightly less rapid than the 19 per cent year-to-year increase in deposits, which as I mentioned previously was higher in part because of the decline in exchange value of the Canadian dollar.

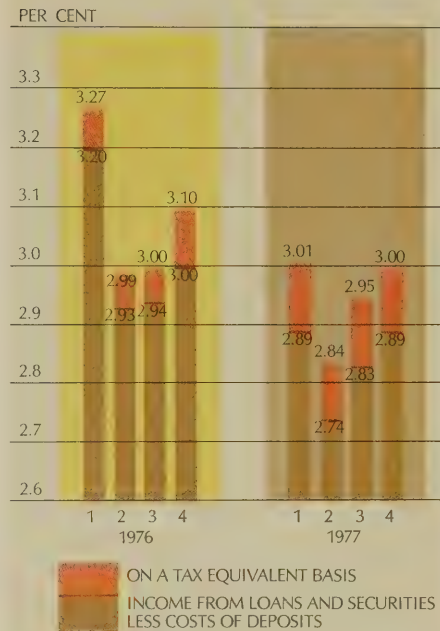
Our ratio of deposits to capital, the standard measure of capital adequacy, was 20.7 to 1 at October 31, 1977, slightly higher than the 20.4 to 1 at the end of the previous year. At 20.7 to 1 our ratio is reasonable and compares favourably with other Canadian banks. It is a major underpinning of our excellent international reputation, as witnessed by the Bank's ability to attract large international deposits at very favourable rates.

Interest Spreads and Other Operating Revenues

I would now like to return to some of the important factors which account for our earnings. The major portion of the Bank's revenues is provided by interest spread; basically the difference between the interest charged to borrowers and earned on investments, and that paid to depositors and debenture holders. In 1977 spread was \$907.1 million, only 12 per cent higher than in 1976, and thus did not keep pace with the 19 per cent growth in total assets. Chart 7 shows the quarterly trend of spread as a per cent of total assets. Many companies in Canada have found it to their advantage recently to raise funds by issuing income debentures or preferred shares and the Bank now has substantial holdings in these types of securities. Because the interest or dividends from these are paid out of the company's after-tax income, it is non-taxable when paid to a corporate holder, in this case, the Bank. In order that we do not show a misleading trend of net-interest earnings we have here adjusted this tax-exempt income upwards to reflect its greater contribution to after-tax earnings. Thus the upper segment of the bars on chart 7 shows spread on a "tax-equivalent basis."

CHART 7

SPREAD AS A PER CENT OF TOTAL ASSETS
(FISCAL QUARTERS)



Tax-equivalent spread as a per cent of assets was significantly lower on average in 1977 than in 1976. In mid-1976 it dipped from a highly favourable 3.27 per cent in the first quarter, but recovered in the fourth quarter of that year to 3.10 per cent. This year began with spread at 3.01 per cent, but the second quarter was an exceptionally low 2.84 per cent, and only by the fourth quarter did spread recover close to its initial rate at 3.00 per cent. While slightly narrower margins on our international business account for part of 1977's lower per cent spreads the major reason was due to financial market conditions in Canada.

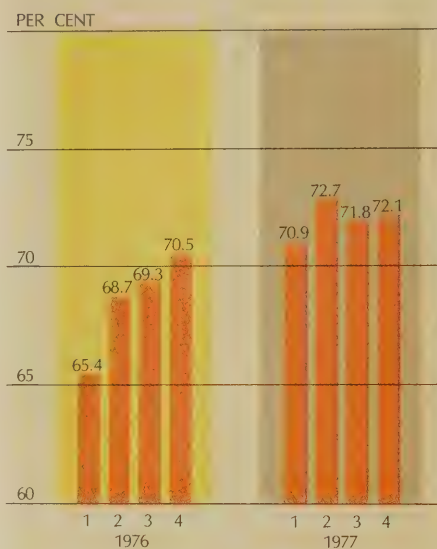
Two further charts (8 and 9) will serve to illustrate these Canadian conditions. For some time government monetary policy has been to limit the growth in demand deposits in order to dampen inflationary trends in the economy. Demand deposits, primarily corporate and commercial current accounts, do not in general bear interest, and companies and individuals have increasingly kept smaller balances in non-interest or low-interest bearing accounts. In order to attract sufficient funds to satisfy the needs of borrowing clients, the Royal, along with other banks, has needed to use a larger proportion of high cost deposits as shown on chart 8.

The proportion of relatively high cost funds rose strongly from 65.4 per cent of total Canadian deposits in the first quarter of 1976 to a peak of 72.7 per cent in the second quarter of 1977, the lowest quarter of the two years for total spread earnings. For the last half of 1977 the mix of high cost deposits remained near 72 per cent.

The second major factor which adversely affected Canadian spread early in 1977 was the rapid fall in interest rates. From a level of 10¼ per cent at the beginning of fiscal 1977, the prime rate dropped in four ½ per cent steps to 8¾ per cent on June 1. When interest rates fall in a rapid manner there is a temporarily adverse effect on spread. This is because most of our loans are related to prime and, therefore, the yield drops immediately when the prime rate is lowered. The source of the funds which we lend out, however, includes to a significant extent

CHART 8

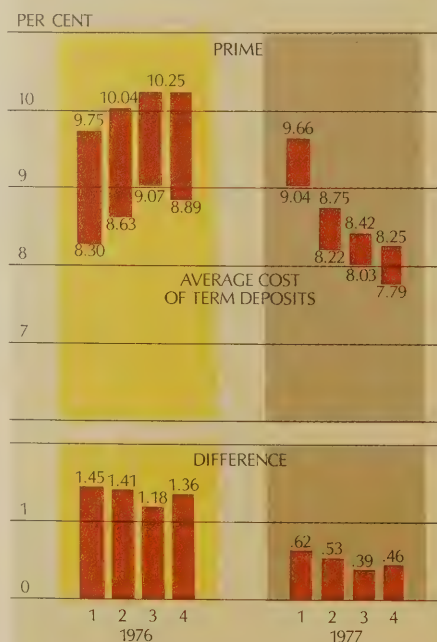
HIGH INTEREST COST DEPOSITS* AS A PER CENT OF TOTAL CANADIAN DEPOSITS (FISCAL QUARTERS)



*BONUS SAVINGS, PERSONAL AND NON-PERSONAL TERM DEPOSITS, SWAP DEPOSITS AND RECEIVER GENERAL BALANCES

CHART 9

PRIME RATE AND AVERAGE COST OF TERM DEPOSITS AND DIFFERENCE (FISCAL QUARTERS)



term deposits whose overall cost drops more slowly because the interest we pay is fixed for the life of the term deposit, and therefore, changes only when the deposit matures. Thus the average cost of all term deposits drops more slowly than the prime rate on loans. The squeeze between the prime rate and the average cost of term deposits can be seen on the lower part of chart 9. From 1.36 per cent in the fourth quarter of 1976 the difference fell sharply to .62 per cent in the first quarter of this year and even further to .39 per cent in the third quarter. Only in the fourth quarter of the year did the difference between prime and the average cost of term deposits begin to widen again.

Aside from interest spread, a significant portion of our revenues comes from other operating revenue as seen on chart 10. In 1977 this was \$225 million, 14 per cent above the previous year. These revenues from fees, service charges and commissions have also grown more slowly than business volumes. In large measure this is because of competitive pressures both in Canada and abroad, and also because service charge rates in Canada have been frozen under Anti-Inflation Board regulations. The effect of the price freeze can be seen from the relatively low seven per cent increase in our revenue from service charges. Our other operating revenue from international operations increased considerably faster than that from our domestic operations.

Non-Interest Expenses

Non-interest expenses (see chart 11) in 1977 totalled \$852 million, an increase of \$114 million or 15.5 per cent. As we reported in last year's Annual Report, the growth in our expenses is one of the major concerns of the Bank's management.

In the three years prior to 1976, our expenses grew in the range of 23 per cent to 27 per cent, somewhat faster than those of the other major banks in Canada.

There were several business reasons for higher expenditures at a time when profits were also increasing healthily. We accepted major expense growth for specific reasons: to accelerate our branch openings, to increase our automation capability and flexibility and to develop our human resources and management depth.

In the past five years we have opened over 200 branches. We believe that this has been a worthwhile investment. For example, the Royal is the only one of the major banks to have a significant increase in market share of personal savings deposits over the last five years. We know that a new branch is seldom profitable as soon as it opens; normally our new branches do not begin to show a positive contribution for three to five years after opening, but after the start-up period, an increasing contribution to our profits is generated.

Similarly, maintaining an automation program which is adaptable to rapidly growing and changing future needs has been expensive, but this will be a key factor in our capability and profitability in the future.

CHART 10
OTHER OPERATING REVENUES

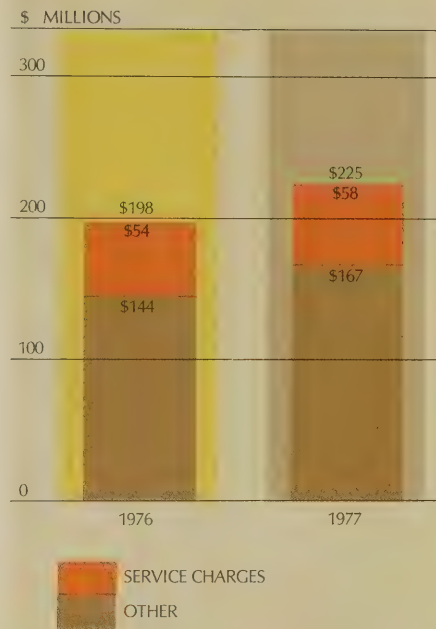
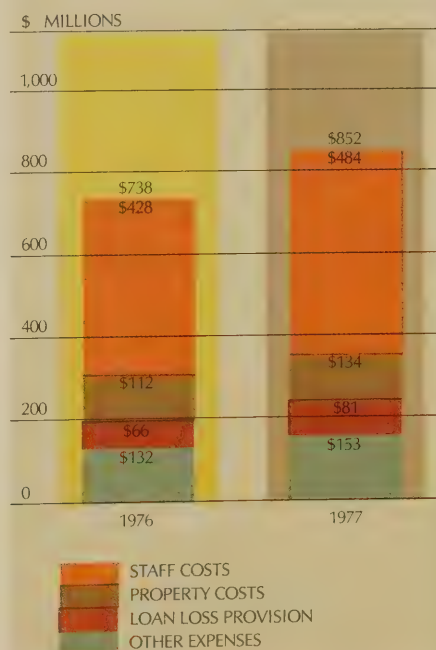


CHART 11
NON-INTEREST EXPENSES



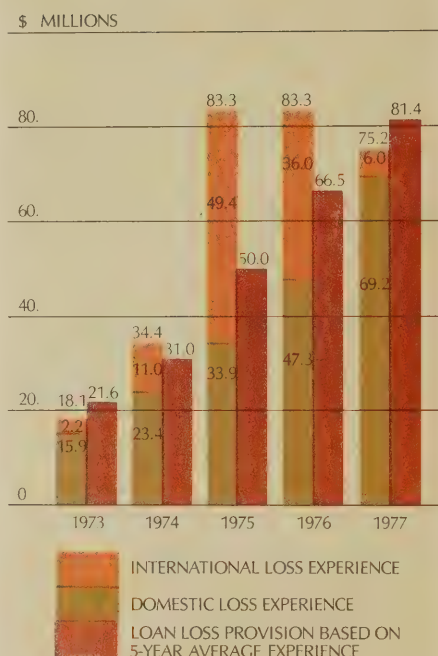
However, in 1976, with more difficult financial conditions prevalent in Canada, we did not feel that we could continue to invest as heavily in the future at the expense of present profits. We began in late 1976 a special program of expense management to lower our overall growth rate in expenses. Our approach has stressed the "management" of expenses in order to keep the benefits of these past expenses, not a "crash program" of reduction.

With the efforts of staff throughout the Bank behind the expense management program, I am pleased to report that we have turned the corner. In 1977, the increase in expenses was \$114 million or 15.5 per cent. This is lower in both dollar and per cent terms than either of the previous two years. We are confident that our close attention to expenses, both in planning next year's operations and in fact during the year, will result in an even lower rate of growth in expenses in 1978.

The most rapidly growing part of our non-interest expenses remains the provision for loan losses which was \$81.4 million this year, an increase of 23 per cent or \$15 million from 1976. The provision is based on a five-year average of loss experience to loans. "Loss experience" includes the net increase in appropriations set aside to provide for loans which we believe may involve a future loss, as well as those which were written off in the current year.

Chart 12 shows the trend of loan loss experience broken out into domestic and international losses and the amount of the loan loss provision over the last five years. The severe impact of our loans to Real Estate Investment Trusts (REITs) in the United States is immediately apparent in international losses in 1974, 1975 and 1976. With the improvement in the U.S. economy and real estate situation, we now feel that the ultimate losses on REITs will be less than the appropriations we had set aside prior to 1977. Largely for this reason, our international loan loss experience dropped this year to \$6 million.

CHART 12
LOAN LOSSES



On the other hand, the poor economic climate in Canada over the last two years has created a situation where domestic loan loss experience, particularly that related to corporate and commercial clients, has grown rapidly, to a total of \$69 million this year.

In spite of lower total loss experience of \$75.2 million this year than the \$83.3 million of the last two years, the loan loss provision has risen because of the averaging process. While these figures may seem large, we are a big bank and these represent only 0.4 per cent of total loans.

A Five-Year Comparison

The results of a particular year do not stand alone, and I would like to put this year in the context of our performance over the last five years. Chart 13 shows the average annual compound rate of growth for the last five years, that is from 1972 to 1977, compared with the growth in the past year, 1976 to 1977.

The growth in total average assets this year of just under 19 per cent was slightly faster than the average rate for the last five years. As I have mentioned, a large measure of the apparent growth this year is due to the effect exchange rate changes have had in the translation into Canadian dollars of foreign currency figures. Over the five-year period an expansionary monetary policy in Canada and subsequent inflation have contributed to this rapid growth. We do not expect, and indeed we would deplore, such rapid monetary expansion in the future.

The increase in our spread, or net-interest earnings this year was substantially below the five-year average rate of growth. The same is true of other operating revenue. Over the longer term we have increased both of these items at roughly the same rate as we have increased our business volumes.

As I mentioned earlier we are happy to report that we have reduced the rate of growth in our expenses significantly from the rapid growth of previous years.

While 1977 was a satisfactory year, with a seven per cent increase in balance of revenue after taxes, and in earnings per share, it is not consistent with the strong growth in earnings which we have enjoyed over the longer term.

The 12 per cent growth in earnings per share over the last five years is only part of the strength in our earnings. Of equal importance, we believe, has been the stability of our upward trend in earnings. In the last ten years, only in 1976 was there a small decrease in earnings per share.

CHART 13
FIVE-YEAR GROWTH RATES

	PER CENT	
	1972-1977	1976-1977
TOTAL AVERAGE ASSETS	18.1	18.7
SPREAD	18.9	11.7
OTHER OPERATING REVENUE	17.5	13.7
NON-INTEREST EXPENSES	22.0	15.5
BALANCE OF REVENUE AFTER TAXES	14.1	7.3
EARNINGS PER SHARE	12.0	7.2

Fully Consolidated Reporting Under a New Bank Act

Before closing there is one other subject I would like to address in relation to our results. Under the present Bank Act, the Bank is not permitted to include in its own Financial Statements the assets of companies which we control nor those with which we are affiliated, with the exception of wholly-owned foreign banks; similarly our statements cannot include their profits unless the income is paid to us in dividends. It is proposed, however, in the government's "White Paper on the Revision of Canadian Banking Legislation", that chartered banks consolidate the results of those corporations which they control through ownership of more than 50 per cent of the voting stock, and that they include the appropriate share of earnings when ownership is 20 per cent or more or have effective control of an affiliate. To give our shareholders a better understanding of the full scope of the Bank's operations, and so that they know ahead of time the probable impact of the proposed new Bank Act reporting regulations, we have included the tables on pages 34 and 35. They highlight the consolidated balance sheet and income statement according to our interpretation of the White Paper and also, the most important subsidiaries and affiliates included in the statements.

Highlights of Consolidated Results
 (in thousands)

Assets and Liabilities as at	October 31, 1977		October 31, 1976	
	Fully Consolidated	Statutory	Fully Consolidated	Statutory
Total Loans				
including amounts due from banks	\$27,648,692	\$26,922,627	\$22,920,994	\$22,508,285
Total Assets	\$35,206,496	\$34,350,334	\$29,339,004	\$28,831,586
Total Deposits	\$32,096,681	\$31,379,914	\$26,707,336	\$26,290,831
Sundry Liabilities	1,531,311	1,455,640	1,289,818	1,249,906
Debentures	353,891	353,891	270,000	270,000
Accumulated Appropriations for Losses	306,660	306,660	289,947	289,947
Minority Interests in Subsidiaries	8,554	—	7,221	—
Shareholders' Equity	909,399	854,229	774,682	730,902
Total Liabilities and Capital	\$35,206,496	\$34,350,334	\$29,339,004	\$28,831,586
Revenue and Expenses				
Income from Loans and Securities	\$ 2,573,738	\$ 2,518,692	\$ 2,274,820	\$ 2,238,987
Interest paid on Deposits and Debentures	1,653,529	1,617,027	1,454,214	1,431,877
Spread	920,209	901,665	820,606	807,110
Other Operating Revenue	233,197	225,333	203,051	198,245
Share of Net Income of Companies Accounted for on the Equity Method	10,667	—	6,779	—
Non-Interest Expenses	867,131	852,376	748,343	737,966
Balance of Revenue after Provision for Income Taxes	\$ 182,443	\$ 168,822	\$ 166,692	\$ 157,389
Net Income Attributable to Minority Interests in Subsidiaries	2,231	—	1,369	—
Balance of Revenue after Taxes and after Minority Interests	\$ 180,212	\$ 168,822	\$ 165,323	\$ 157,389
—Per Share	\$ 4.93	\$ 4.61	\$ 4.52	\$ 4.30

**The Royal Bank of Canada
Major Operating Subsidiaries**

	Consolidated Statutory Basis	Consolidated Pro Forma	Equity Basis Pro Forma
Canada and U.S.A.			
Banks		The Royal Bank and Trust Company	
Others		Globe Realty Corporation, Limited RoyLease Limited RoyMarine Leasing Limited	Aetna Factors Corporation Ltd. Insmor Mortgage Insurance Company RoyMark Financial Services Limited RoyMor Ltd. RoyNat Limited
Latin America & Caribbean			
Banks	The Royal Bank of Canada International Limited	Banco Royal Colombiano The Royal Bank Jamaica Limited The Royal Bank of Trinidad & Tobago Limited	Banco Internacional S.A.
Trust Companies		Royal Bank Trust Company (Barbados) Limited Royal Bank Trust Company (Guyana) Limited Royal Bank Trust Company (Jamaica) Limited	
Others			General Finance Corporation Limited
Middle East, Africa, Asia and Australia			
Banks	The Royal Bank of Canada (Middle East) S.A.L.		
Merchant Banks	RoyEast Investments Limited RoyMidEast Investments Limited	Equator Bank Limited	
Others	RoyAust Limited		Cathay Trust Company Limited InchRoy Credit Corporation Limited (Hong Kong) Industrial Resources Sdn. (Bhd.)
Europe			
Banks	The Royal Bank of Canada (Channel Islands) Limited The Royal Bank of Canada (France)		Bankhaus Burgardt und Bröckelschen A.G.
Trust Companies		The Royal Bank of Canada Trust Corporation Limited	
Merchant Banks	RBC Finance B.V.		Orion Bank Limited

The differences can be summarized briefly by three comparisons; the overall size of the Bank is increased by \$856 million or 2.5 per cent, to \$35.2 billion on October 31, 1977. Our balance of revenue after tax is \$180.2 million, \$11.4 million or seven per cent higher. Earnings per share are increased to \$4.93 per share for 1977, 32¢ per share higher than is reported on the current statutory basis.

The total assets at the 1977 year-end, as stated on a fully consolidated basis, have increased from \$29.3 billion in 1976 to \$35.2 billion, a rate of 20.0 per cent, slightly faster than the 19.1 per cent increase on a statutory basis. This faster growth rate is due mainly to the acquisition during the year of two domestic leasing companies, RoyLease Limited and RoyMarine Leasing Limited, whose assets total approximately \$200 million. However, the greatest portion of the additional total assets resulting from full consolidation relates to international subsidiaries.

The net increase in balance of revenue after taxes and after minority interests as stated on a fully consolidated basis over that as stated on the statutory statements is \$11.4 million compared to \$7.9 million in 1976. Each of these amounts is net of any dividends received from the subsidiaries or affiliates during the years, which have been included in statutory income.

Our international subsidiaries and affiliates are responsible for most of the difference between fully consolidated and statutory earnings as well as for the largest part of the increase from last year.

Many of our non-consolidated companies are operating in rapidly expanding fields of business, and they have, therefore, paid out a relatively small portion of their earnings as dividends. Thus the Bank has a significant amount, \$55 million, of retained earnings which appears as shareholders' equity on the fully consolidated balance sheet but not on the balance sheet as reported on the statutory basis.

The total capital of the Bank, debentures, accumulated appropriations and equity including minority interest, at the year-end as stated on a fully consolidated basis was \$1,579 million, \$64 million higher than on the statutory statements. Total deposits on the consolidated basis are \$717 million higher, and as a result, the Bank's deposit to capital ratio at the year-end on a fully consolidated basis is 20.3 versus 20.7 on the statutory statements.

We have included in our discussion this year domestic and international loan loss experience and the effect of full consolidation as proposed for the new Bank Act. We hope our policy of elaborating on such items will be of significant assistance to our shareholders in better understanding our results. We feel such discussion is as important as stating our position on the operating and environmental matters which I mentioned earlier in this Report.

Statement of Revenue,
Expenses and Undivided Profits

	Year Ended October 31, 1977	Year Ended October 31, 1976
Revenue		
Income from loans	\$ 2,283,792,091	\$ 2,020,941,327
Income from securities	234,900,092	218,045,739
Other operating revenue	225,332,634	198,245,170
Total Revenue	2,744,024,817	2,437,232,236
Expenses		
Interest on deposits and bank debentures	1,617,026,662	1,431,877,364
Salaries, pension contributions and other staff benefits	484,342,423	428,390,589
Property expenses, including depreciation	133,571,919	111,865,896
Other operating expenses, including a provision of \$81,449,150 (\$66,502,700 in 1976) for losses on loans based on five-year average loss experience	234,461,466	197,709,420
Total Expenses	2,469,402,470	2,169,843,269
Balance of revenue	274,622,347	267,388,967
Provision for income taxes relating thereto	105,800,000	110,000,000
Balance of revenue after provision for income taxes (per share 1977 — \$4.61; 1976 — \$4.30)	168,822,347	157,388,967
Appropriation for losses	70,000,000	65,000,000
Balance of profits	98,822,347	92,388,967
Dividends (per share 1977 — \$1.38; 1976 — \$1.30½)	50,494,909	47,750,537
Amount carried forward	48,327,438	44,638,430
Undivided profits at beginning of year	1,221,347	1,249,317
Transfer from accumulated appropriations for losses	75,000,000	40,000,000
	124,548,785	85,887,747
Transferred to Rest Account	123,000,000	84,666,400
Undivided profits at end of year	\$ 1,548,785	\$ 1,221,347

Statement of Assets and Liabilities

	October 31, 1977	October 31, 1976
Assets		
Cash and due from banks	\$ 6,174,282,100	\$ 5,662,443,624
Cheques and other items in transit, net	990,756,441	576,569,391
Total Cash Resources	7,165,038,541	6,239,013,015
Securities issued or guaranteed by Canada, at amortized value	2,039,696,850	2,097,171,482
Securities issued or guaranteed by provinces, at amortized value	67,323,627	127,495,650
Other securities, not exceeding market value	1,296,043,093	960,629,279
Total Securities	3,403,063,570	3,185,296,411
Day, call and short loans to investment dealers and brokers, secured	550,430,435	423,237,649
Other loans, including mortgages, less provision for losses	21,268,746,026	17,402,192,697
Total Loans	21,819,176,461	17,825,430,346
Bank premises, at cost less accumulated depreciation	413,273,134	332,448,851
Securities of and loans to corporations controlled by the bank	235,494,686	118,573,805
Customers' liability under acceptances, guarantees and letters of credit, as per contra	1,289,091,017	1,108,076,701
Other assets	25,196,946	22,746,378
	\$34,350,334,355	\$28,831,585,507

	October 31, 1977	October 31, 1976
Liabilities		
Deposits by Canada	\$ 663,261,289	\$ 453,500,910
Deposits by provinces	198,184,395	295,260,487
Deposits by banks	5,925,657,668	4,343,729,967
Personal savings deposits payable after notice, in Canada, in Canadian currency	10,798,786,699	9,340,606,454
Other deposits	13,794,023,954	11,857,732,913
Total Deposits	31,379,914,005	26,290,830,731
Acceptances, guarantees and letters of credit	1,289,091,017	1,108,076,701
Other liabilities	166,548,859	141,829,201
Total Sundry Liabilities	1,455,639,876	1,249,905,902
Debentures issued and outstanding (note 2)	353,891,000	270,000,000
Accumulated appropriations for losses	306,659,889	289,946,727
Shareholders' Equity		
Capital stock:		
Authorized—50,000,000 shares of \$2 each—\$100,000,000		
Issued and fully paid—36,590,400 shares	73,180,800	73,180,800
Rest Account (note 3)	779,500,000	656,500,000
Undivided profits	1,548,785	1,221,347
Total Shareholders' Equity	854,229,585	730,902,147
	\$34,350,334,355	\$28,831,585,507

W. EARLE McLAUGHLIN,
Chairman of the Board and Chief Executive Officer

ROWLAND C. FRAZEE,
President

Statement of Accumulated Appropriations for Losses

	Year Ended October 31, 1977	Year Ended October 31, 1976
Accumulated appropriations at beginning of year		
General appropriations	\$ 42,048,737	\$ 54,145,641
Tax-paid appropriations	247,897,990	222,967,693
Total	289,946,727	277,113,334
Changes during the year		
Appropriation from current year's operations	70,000,000	65,000,000
Excess of provision for losses on loans based on five-year average loss experience (included in other operating expenses) over loss experience on loans for the year	6,268,229	(16,813,590)
Profits and losses on securities, including provisions to reduce securities other than those of Canada and the provinces to values not exceeding market	11,750,718	5,967,926
Other profits, losses and non-recurring items, net	4,238,215	(1,320,943)
Provision for income taxes	(544,000)	—
Transferred to undivided profits	(75,000,000)	(40,000,000)
Total	16,713,162	12,833,393
Accumulated appropriations at end of year		
General appropriations	54,819,266	42,048,737
Tax-paid appropriations	251,840,623	247,897,990
Total	\$ 306,659,889	\$ 289,946,727

Auditors' Report

To the Shareholders, The Royal Bank of Canada:

We have examined the statement of assets and liabilities of The Royal Bank of Canada as at October 31, 1977 and the related statements of revenue, expenses and undivided profits and accumulated appropriations for losses for the year then ended.

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the Bank as at October 31, 1977 and its revenue, expenses and undivided profits and its accumulated appropriations for losses for the year then ended.

Montreal, November 28, 1977

ROBERT M. RENNIE, C.A.
of Touche Ross & Co.
DOUGLAS J. LOW, C.A.
of Deloitte, Haskins & Sells

Notes to the Financial Statements

1. The financial statements include the assets and liabilities and results of operations of all significant subsidiaries whose accounts are permitted by the provisions of the Bank Act to be consolidated with those of the Bank, namely:

The Royal Bank of Canada (France)	RoyEast Investments Limited
The Royal Bank of Canada (Middle East) S.A.L.	RBC Finance B.V.
The Royal Bank of Canada International Limited and subsidiaries	RoyAust Limited
RBC Houdstermaatschappij B.V.	The Royal Bank of Canada (Channel Islands) Limited and subsidiaries
RBC Holdings B.V.	RoyMidEast Investments Limited

As required by the Bank Act, the statements of assets and liabilities of significant subsidiaries not consolidated are included separately in these annual statements.

2. The debentures are subordinated to the claims of depositors and other creditors and consist of:

Maturity	Rate	1977	1976
April 15, 1977	7%	\$ —	\$ 70,869,000
April 1, 1982	8¾% Callable on or after April 1, 1981	35,000,000	35,000,000
February 15, 1984	8% Callable on or after February 15, 1982	40,000,000	—
June 1, 1987	9%	75,000,000	—
December 1, 1987	7½% Maturity on June 1, 1979 at the option of the holder	50,000,000*	50,000,000
April 1, 1988	9½% Callable on or after April 1, 1984	35,000,000*	35,000,000
April 15, 1991	7%	3,891,000*	4,131,000
February 15, 1992	9% Callable on or after February 15, 1985	40,000,000*	—
December 1, 1994	10% Maturity on December 1, 1984 at the option of the holder	75,000,000*	75,000,000
		\$353,891,000	\$270,000,000

*Subject to sinking fund provisions.

3. The changes in Rest Account for the year were as follows:

	1977	1976
Balance at beginning of year	\$656,500,000	\$569,076,616
Transfer from undivided profits	123,000,000	84,666,400
Final proceeds from 1975 share issue	—	2,756,984
Balance at end of year	\$779,500,000	\$656,500,000

4. The Bank is subject to the Federal Anti-Inflation legislation relative to prices, profits, compensation and dividends. In the opinion of management the Bank has operated and continues to operate in compliance with the legislation and supporting regulations. These limit dividends which can be paid to the shareholders of the Bank to \$1.46 per share during the compliance year ending October 13, 1978.

The Royal Bank and Trust Company

(Incorporated under the laws of the State of New York)

(Formerly The Royal Bank of Canada Trust Company)

Condensed Statement as at October 31, 1977

(In U.S. Dollars: Canadian equivalent \$1.106)

Assets		Liabilities	
Cash and due from banks	\$ 71,418,075	Deposits, demand	\$ 76,321,028
United States Government securities, at amortized value	10,308,852	Deposits, time	97,508,408
Other securities, at amortized value	30,408,509	Deposits by banks	876,292
Loans and advances, less provision for losses	81,643,509	Letters of credit	8,042,273
Real estate, buildings and equipment, at cost less accumulated depreciation	6,900,324	Other liabilities	1,887,310
Customers' liability under letters of credit	8,042,273	Capital stock fully paid (100,000 shares of \$100 each)	10,000,000
Other assets	1,880,124	Surplus Fund (note 2)	2,488,000
		Reserve for depreciation of securities	1,041,000
		Undivided profits	12,437,355
	\$210,601,666		\$210,601,666

NOTES: (1) The Royal Bank of Canada owns the entire capital stock of The Royal Bank and Trust Company with the exception of the directors' qualifying shares. This investment is carried on the books of the Bank at Can. \$11,052,151.

(2) Under New York Banking Law the Surplus Fund is not available for the payment of dividends. The Fund must be built up to 65% of capital stock and until this has been accomplished transfers of not less than 10% of each year's net income must be made to the Fund.

Globe Realty Corporation, Limited

(Incorporated under the laws of Canada)

and its wholly-owned subsidiary companies

Globe Building Corporation

Globe Realty Management Limited

Condensed Consolidated Statement as at October 31, 1977

(In Canadian Dollars)

Assets		Liabilities	
Cash in bank	\$ 381,714	Accounts payable and other liabilities	\$ 264,111
Real estate, buildings and equipment, at cost less accumulated depreciation (note 2)	48,937,503	The Royal Bank of Canada	29,874,541
Other assets	42,441	Capital stock fully paid (40,320 shares of \$100 each)	4,032,000
		Retained earnings	15,191,006
	\$ 49,361,658		\$ 49,361,658

NOTES: (1) The Royal Bank of Canada owns the entire capital stock of Globe Realty Corporation, Limited. This investment is carried on the books of the Bank at \$1,614,000.

(2) In accordance with agreements providing for the leasing of certain lands to third parties, Globe Realty Corporation, Limited has pledged lands having a cost of \$8,826,417 as part of the security for mortgages arranged by the third parties on the properties. The terms of the agreements provide that buildings on these lands become the property of the Corporation at the expiration of the leases.

The Royal Bank of Trinidad and Tobago Limited

(Incorporated under the laws of Trinidad and Tobago)
and its wholly-owned subsidiary companies

Royal Bank Trust Company (Trinidad) Limited

The Royal Bank Mortgage and Finance Company Limited

Condensed Consolidated Statement as at September 30, 1977

(In Trinidad and Tobago Dollars; Canadian equivalent \$.45)

Assets		Liabilities	
Cash and due from banks	\$ 73,765,287	Deposits	\$553,365,139
Securities, at cost	19,647,187	The Royal Bank of Canada	16,870,614
Loans and advances, less provision for losses	523,864,888	Cheques and other items in transit, net	7,353,858
Real estate, buildings and equipment, at cost less accumulated depreciation	9,605,585	Acceptances, guarantees and letters of credit	66,898,637
Customers' liability under acceptances, guarantees and letters of credit	66,898,637	Other liabilities	9,799,577
Other assets	7,880	Capital stock fully paid (15,000,000 stock units of \$1 each)	15,000,000
		Share premium	9,347,555
		Statutory reserve	7,500,000
		Surplus	7,654,084
	\$693,789,464		\$693,789,464

NOTE: The Royal Bank of Canada owns 61% of the capital stock of The Royal Bank of Trinidad and Tobago Limited. This investment is carried on the books of the Bank at Can. \$3,286,393.

The Royal Bank of Canada Holdings (U.K.) Limited

(Incorporated under the laws of Great Britain)

and its wholly-owned subsidiary company

The Royal Bank of Canada Trust Corporation Limited

Condensed Consolidated Statement as at September 30, 1977

(In Sterling; Canadian equivalent \$1.878)

Assets		Liabilities	
Cash and due from banks	£ 15,293,427	Deposits	£ 28,127,770
Securities, at cost	1,420,619	Accounts payable and other liabilities	429,503
Loans and advances	48,890,000	The Royal Bank of Canada	32,581,946
Other assets	904,027	Capital stock fully paid (3,750,000 shares of £1 each)	3,750,000
		Surplus	1,618,854
	£ 66,508,073		£ 66,508,073

NOTE: The Royal Bank of Canada owns the entire capital stock of The Royal Bank of Canada Holdings (U.K.) Limited. This investment is carried on the books of the Bank at Can. \$7,647,750.

The Royal Bank Jamaica Limited

(Incorporated under the laws of Jamaica)

and its wholly-owned subsidiary company

Royal Bank Trust Company (Jamaica) Limited

Condensed Consolidated Statement as at September 30, 1977

(In Jamaican Dollars; Canadian equivalent \$.88)

Assets

Cash and due from banks	\$ 17,176,953
Cheques and other items in transit, net	5,105,952
Securities, at cost	30,025,273
Loans and advances, less provision for losses	70,789,443
Real estate, buildings and equipment, at cost or valuation less accumulated depreciation	4,452,661
Customers' liability under acceptances, guarantees and letters of credit	13,101,992
Other assets	2,580,845

\$143,233,119

Liabilities

Deposits	\$119,661,865
The Royal Bank of Canada	2,206,739
Acceptances, guarantees and letters of credit	13,101,992
Other liabilities	2,293,737
Capital stock fully paid (3,000,000 stock units of \$1 each)	3,000,000
Capital reserve (note 2)	1,075,645
Statutory reserve	1,600,000
Surplus	293,141

\$143,233,119

NOTES: (1) The Royal Bank of Canada owns 75% of the capital stock of The Royal Bank Jamaica Limited. This investment is carried on the books of the Bank at Can. \$2,086,177.

(2) The capital reserve arises from the independent appraisal of the real estate and buildings.

RoyLease Limited

(Incorporated under the laws of Canada)

Condensed Statement as at October 31, 1977

(In Canadian Dollars)

Assets

Receivable under lease agreements less unearned income of \$42,341,524	\$108,415,318
Preliminary outlays for leased assets	8,216,710
	116,632,028
Provision for losses	(1,599,831)
	115,032,197
Advances to affiliate— RoyMarine Leasing Limited	11,061,000
Other assets	295,797

\$126,388,994

Liabilities

Accounts payable	\$ 3,555,527
Short-term promissory notes	40,927,299
Term bank loans	1,592,796
The Royal Bank of Canada	66,164,102
Deferred income taxes	3,884,962
Capital stock fully paid (40,000 preferred shares of the par value of \$100 each)	4,000,000
(600,000 common shares of no par value)	6,000,000
Retained earnings	264,308

\$126,388,994

NOTE: The Royal Bank of Canada owns the entire capital stock of RoyLease Limited. This investment is carried on the books of the Bank at \$15,545,000.

RoyMarine Leasing Limited

(Incorporated under the laws of Canada)

Condensed Statement as at October 31, 1977

(In Canadian Dollars)

Assets

Receivable under lease agreements less unearned income of \$6,074,493	\$ 12,444,254
Amount due under conditional sales agreements less unearned income of \$6,434,014	24,453,245
Secured loans	43,503,873
Accrued interest	341,638
Other assets	1,989,078
	\$ 82,732,088

Liabilities

Accounts payable	\$ 1,242,229
Advances from affiliate—RoyLease Limited	11,061,000
Long-term debt	53,669,171
The Royal Bank of Canada	7,308,692
Deferred income taxes	1,493,468
Capital stock fully paid (750,000 shares of no par value)	7,680,000
Retained earnings	277,528
	\$ 82,732,088

NOTE: The Royal Bank of Canada owns the entire capital stock of RoyMarine Leasing Limited. This investment is carried on the books of the Bank at \$8,380,000.

Auditors' Report**To the Shareholders,
The Royal Bank of Canada:**

We have examined the statements of assets and liabilities of controlled corporations of The Royal Bank of Canada as at the dates indicated. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the corporations as at the dates indicated.

Montreal, November 28, 1977

ROBERT M. RENNIE, C.A.
of Touche Ross & Co.
DOUGLAS J. LOW, C.A.
of Deloitte, Haskins & Sells

Ten-Year Analytical Review

	1977	1976	1975	1974	1973
Revenue and Expenses as a per cent of total average assets					
Total average assets (millions)	\$31,763	\$26,763	\$23,393	\$20,344	\$16,271
Spread	2.839%	3.016%	3.107%	2.744%	2.845%
Other operating revenue	.709%	.741%	.767%	.676%	.709%
Non-interest expenses	2.684%	2.757%	2.643%	2.383%	2.373%
Provision for income taxes	.333%	.411%	.576%	.510%	.571%
Balance of revenue after tax	.532%	.588%	.655%	.527%	.610%
Share information					
Shares outstanding (thousands) (1)	36,590	36,576	34,925	33,264	33,264
Balance of revenue after tax	\$4.61	\$4.30	\$4.39	\$3.22	\$2.98
Dividends	\$1.38	\$1.30	\$1.23	\$1.10	\$1.02
Share price (2) high	\$28 ⁵ / ₈	\$33 ¹ / ₂	\$36 ¹ / ₂	\$39 ¹ / ₄	\$39 ³ / ₈
low	\$22 ³ / ₄	\$26 ¹ / ₄	\$24 ³ / ₈	\$24 ¹ / ₄	\$32 ¹ / ₈
close	\$24 ³ / ₄	\$27	\$30 ³ / ₄	\$28 ³ / ₄	\$38 ³ / ₈
Book value (3)	\$31.73	\$27.90	\$25.23	\$22.95	\$21.80
Price earnings ratio (4) high	6.2	7.8	8.3	12.2	13.1
low	4.9	6.1	5.6	7.5	10.8
Dividend yield (5)	5.4%	4.4%	4.0%	3.5%	2.9%
Other information					
Deposit to capital ratio (6)	20.7:1	20.4:1	20.4:1	21.9:1	19.8:1
Return on equity (7)	15.5%	16.2%	18.4%	14.4%	14.3%
Number of shareholders	32,276	32,079	32,329	31,345	31,562
Number of employees (8)	35,335	34,429	32,464	31,094	28,225
Number of branches (9)	1595	1567	1524	1470	1409

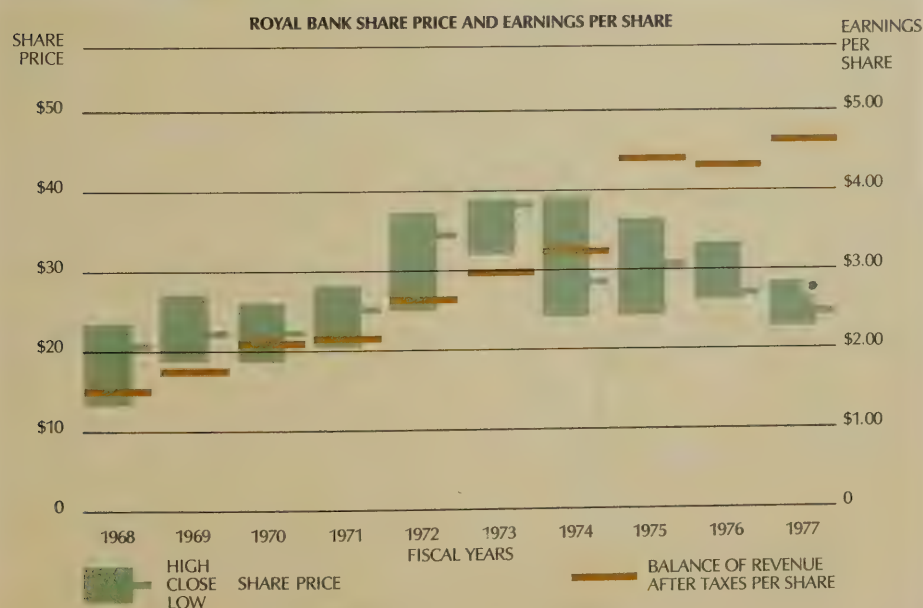
Quarterly Perspective

(in thousands except per share)

Year	Fiscal Quarter	Spread	Other Operating Revenues	Non- Interest Expenses	Balance of Revenue after Tax	Balance of Revenue after Tax Per Share	Dividends Per Share
1976	I	\$203,755	\$ 49,713	\$168,572	\$ 47,396	\$1.30	\$.32
1976	II	190,281	49,475	179,444	34,732	0.95	.32
1976	III	201,261	50,505	188,200	37,466	1.02	.32
1976	IV	211,813	48,552	201,750	37,795	1.03	.34 ¹ / ₂
1976	Full Year	\$807,110	\$198,245	\$737,966	\$157,389	\$4.30	\$1.30 ¹ / ₂
1977	I	\$215,133	\$ 55,433	\$198,944	\$ 44,522	\$1.22	\$.34 ¹ / ₂
1977	II	214,893	55,357	209,110	38,540	1.05	.34 ¹ / ₂
1977	III	229,419	56,186	221,767	39,238	1.07	.34 ¹ / ₂
1977	IV	242,219	58,357	222,554	46,522	1.27	.34 ¹ / ₂
1977	Full Year	\$901,664	\$225,333	\$852,375	\$168,822	\$4.61	\$1.38

1972	1971	1970	1969	1968
\$13,847	\$12,076	\$10,702	\$ 9,300	\$ 7,951
2.744%	2.746%	2.900%	2.907%	2.884%
.726%	.737%	.798%	.831%	.835%
2.275%	2.320%	2.350%	2.444%	2.434%
.565%	.576%	.701%	.668%	.659%
.630%	.587%	.647%	.626%	.626%
33,264	3,264	33,264	33,264	33,264
\$2.62	\$2.13	\$2.08	\$1.75	\$1.50
\$.96	\$.88	\$.86	\$.77	\$.70
\$37½	\$28¾	\$26½	\$27¼	\$22¾
\$25⅞	\$20¾	\$18⅞	\$19	\$13½
\$34¾	\$25¾	\$22¾	\$22¼	\$21⅞
\$19.79	\$17.86	\$16.58	\$15.78	\$14.75
14.3	13.3	12.6	15.6	14.9
9.6	9.7	9.1	10.9	9.0
3.1%	3.6%	3.8%	3.3%	3.9%
18.5:1	17.6:1	18.7:1	17.7:1	16.2:1
13.9%	12.4%	12.9%	11.5%	10.5%
31,600	32,239	34,154	35,140	31,590
25,701	24,435	24,306	23,181	21,737
1393	1366	1312	1264	1241

(1) Weighted monthly average of equivalent fully paid shares outstanding.
 (2) High and low price of shares traded on the Toronto Stock Exchange during the fiscal year and closing price on last trading day of October.
 (3) Shareholders' equity plus accumulated appropriations for losses divided by the number of equivalent fully paid shares outstanding at fiscal year-end.
 (4) High and low share price divided by balance of revenue after tax per share.
 (5) Dividends per share divided by average of high and low share price.
 (6) Total deposits to total capital (shareholders' equity, accumulated appropriations for losses and debentures) at fiscal year-end.
 (7) Balance of revenue after tax divided by shareholders' equity plus accumulated appropriations for losses.
 (8) Regular staff of the Royal Bank of Canada, not including consolidated subsidiaries. As a result of local incorporation of our operations in several countries assets, number of branches and number of staff cease to be included in reported figures. The approximate number of staff affected are:
 1971, Venezuela-230; 1972, Jamaica-230, Trinidad & Tobago-345; 1977, Colombia-230.
 (9) The number of branches dropped because of local incorporation are: 1971, Venezuela-6; 1972, Jamaica-14, Trinidad & Tobago-15; 1977, Colombia-9.



For the information of shareholders, the valuation day, December 22, 1971, value of the Bank's capital stock for capital gains tax purposes as published by the Department of National Revenue, Taxation, is \$29.50.

(in thousands)

Assets and Liabilities	1977	1976	1975	1974
Assets				
Cash resources	\$ 7,165,038	\$ 6,239,013	\$ 5,348,281	\$ 4,563,183
Securities	3,403,064	3,185,296	2,576,057	2,812,869
Loans including day loans	21,819,176	17,825,430	15,816,493	12,713,031
Bank premises (net)	413,273	332,449	237,253	168,306
Other assets	1,549,783	1,249,398	1,233,047	1,412,491
Total	34,350,334	28,831,586	25,211,131	21,669,880
Liabilities				
Deposits	31,379,914	26,290,831	22,870,875	19,441,373
Sundry liabilities	1,455,640	1,249,906	1,219,866	1,340,098
Debentures	353,891	270,000	200,000	125,000
Accumulated appropriations for losses	306,660	289,947	277,113	246,623
Shareholders' equity	854,229	730,902	643,277	516,786
Total	\$34,350,334	\$28,831,586	\$25,211,131	\$21,669,880
Revenue & Expenses	1977	1976	1975	1974
Income from loans	\$ 2,283,792	\$ 2,020,941	\$ 1,793,722	\$ 1,613,365
Income from securities	234,900	218,046	189,703	166,220
Sub-Total	2,518,692	2,238,987	1,983,425	1,779,585
Interest paid on deposits	1,617,028	1,431,877	1,256,592	1,221,258
Spread	901,664	807,110	726,833	558,327
Other Operating Revenue	225,333	198,245	179,378	137,569
Staff Costs	484,342	428,391	362,099	291,197
Property Expenses	133,572	111,866	88,003	70,503
Loan Loss Provision	81,449	66,503	49,954	30,972
Other Expenses	153,012	131,206	118,283	92,222
Non-Interest Expenses	852,375	737,966	618,339	484,894
Balance of Revenue	274,622	267,389	287,872	211,002
Provision for Income Taxes	105,800	110,000	134,630	103,800
Balance of Revenue after Taxes	168,822	157,389	153,242	107,202
Dividends	\$ 50,495	\$ 47,751	\$ 43,751	\$ 36,590

1973	1972	1971	1970	1969	1968
\$ 5,338,982	\$ 3,688,244	\$ 3,003,367	\$ 2,648,853	\$ 2,293,326	\$ 1,551,736
2,143,978	2,296,048	2,258,855	1,875,637	1,703,127	2,053,956
9,972,051	8,111,053	6,973,914	6,166,013	5,752,525	4,739,084
137,749	119,920	117,346	96,815	93,286	90,009
770,775	552,251	600,096	581,305	353,895	308,433
18,363,535	14,767,516	12,953,578	11,368,623	10,196,159	8,743,218
16,800,301	13,537,382	11,772,301	10,303,212	9,308,225	7,955,074
713,124	496,985	512,240	513,921	363,189	297,379
125,000	75,000	75,000	—	—	—
233,835	215,840	186,193	160,465	149,733	130,670
491,275	442,309	407,844	391,025	375,012	360,095
\$18,363,535	\$14,767,516	\$12,953,578	\$11,368,623	\$10,196,159	\$ 8,743,218
1973	1972	1971	1970	1969	1968
\$ 1,015,923	\$ 728,294	\$ 664,348	\$ 686,322	\$ 514,139	\$ 361,927
120,510	114,300	119,776	111,953	104,641	99,763
1,136,433	842,594	784,124	798,275	618,780	461,690
673,477	462,656	452,540	487,885	348,403	232,319
462,956	379,938	331,584	310,390	270,377	229,371
115,364	100,534	88,953	85,434	77,303	66,354
233,661	181,681	166,342	150,509	138,394	115,861
56,730	48,857	45,235	41,147	36,757	33,059
21,649	18,708	14,093	10,680	10,813	10,429
74,136	65,727	54,485	49,208	41,386	34,181
386,176	314,973	280,155	251,544	227,350	193,530
192,144	165,499	140,382	144,280	120,330	102,195
92,900	78,286	69,500	75,000	62,100	52,430
99,244	87,213	70,882	69,280	58,230	49,765
\$ 33,929	\$ 31,933	\$ 29,272	\$ 28,607	\$ 25,613	\$ 23,285

Chairman
of the Board
and Chief
Executive Officer



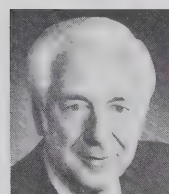
W. Earle McLaughlin
Montreal
*Chairman of the Board
and Chief Executive
Officer,*
The Royal Bank
of Canada

President



Rowland C. Frazee
Montreal
President,
The Royal Bank
of Canada

Vice-Chairmen
of the Board



J.K. Finlayson
Montreal
Vice-Chairman,
The Royal Bank
of Canada



W.D.H. Gardiner
Toronto
Vice-Chairman,
The Royal Bank
of Canada

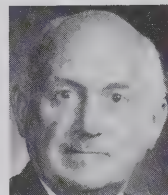
Vice-Presidents



W.O. Twaits, C.C.
Toronto
Company Director



Ian D. Sinclair
Montreal
*Chairman and
Chief Executive Officer,*
Canadian Pacific
Limited



**The Rt. Hon.
Lord Adeane**
London, England
Company Director



D.S. Anderson
Toronto
Chairman,
Canada Realities
Limited



John A. Armstrong
Toronto
*President,
Chief Executive and
Chairman of the Board,*
Imperial Oil Limited



Ian A. Barclay
Vancouver
*Chairman and
Chief Executive Officer,*
British Columbia Forest
Products Limited



T.J. Bell, M.C.
Toronto
*Chairman of the Board
and Chief Executive
Officer,*
Abitibi Paper
Company Ltd.



G.H. Blumenauer
Hamilton
*Chairman and
President,*
Otis Elevator
Company Limited



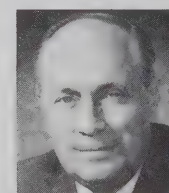
**G. Allan Burton,
D.S.O., E.D., LL.D.**
Toronto
*Chairman and
Chief Executive Officer,*
Simpsons, Limited



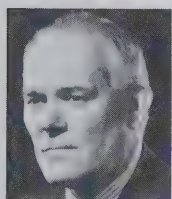
**R.B. Cameron, O.C.,
D.S.O.**
Halifax
Chairman of the Board,
Maritime Steel &
Foundries Limited



A.B. Christopher
Vancouver
President,
Montrose
Developments Ltd.



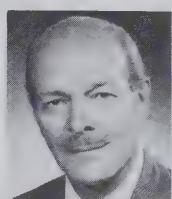
John H. Coleman
Toronto
President,
J.H.C. Associates
Limited



F.B. Common, Jr., Q.C.
Montreal
Partner,
Ogilvy, Montgomery,
Renault, Clarke,
Kirkpatrick, Hannon &
Howard



**F.M. Covert, O.B.E.,
D.F.C., Q.C.**
Halifax
Partner,
Stewart, MacKeen &
Covert



L.G. DesBrisay
Moncton
President,
Blakeny & Son Ltd.



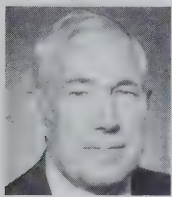
Mrs. Mitzi S. Dobrin
Montreal
*Group Vice-President
and General Manager,*
Steinberg's Limited



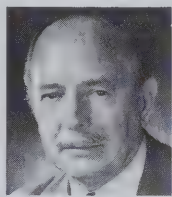
J.E.L. Duquet, Q.C.
Montreal
Senior Partner,
Duquet, MacKay &
Bronstetter



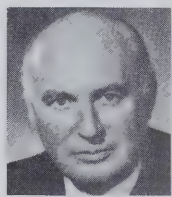
**G. Campbell Eaton,
M.C., C.D.**
St. John's, Nfld.
Managing Director,
Newfoundland Tractor
& Equipment Co., Ltd.



Kelly H. Gibson
Calgary
Chairman of the Board,
Foothills Pipe Lines
(Yukon) Ltd.



Floyd D. Hall
New York
*Chairman of the
Executive Committee,*
International Air
Transport Association



**Sir Charles E.M. Hardie,
C.B.E.**
London, England
Partner,
Dixon, Wilson &
Company



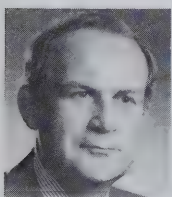
David S. Holbrook
Toronto
Consultant



L.G. Lumbers
Toronto
Chairman of the Board,
Noranda Manufacturing
Ltd.



**P.L.P. Macdonnell,
Q.C.**
Edmonton
Partner,
Milner & Steer



Clifford S. Malone
Montreal
*President and
Chief Executive
Officer,*
Canron Limited



F.C. Mannix
Calgary
Company Director



J. Pierre Maurer
Ottawa
*President—
Canadian Operations,*
Metropolitan Life
Insurance Company



J.P. Monge
New York
Chairman,
Amcan Group Inc.



Pierre A. Nadeau
Montreal
*Chairman of the Board
and Chief Executive
Officer,*
Petrofina Canada Ltd.



Paul Paré
Montreal
President,
Imasco Limited



Neil F. Phillips, Q.C.
Montreal
Partner,
Phillips & Vineberg



Herbert C. Pinder
Saskatoon
President,
Saskatoon Trading
Company Limited



Claude Pratte, Q.C.
Quebec
Advocate



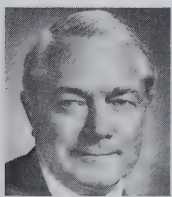
Charles I. Rathgeb
Toronto
*Chairman and
Chief Executive Officer,*
Comstock International
Ltd.



A.M. Runciman
Winnipeg
President,
United Grain Growers
Limited



Pierre A. Salbaing
Montreal
*President and
Managing Director,*
Canadian Liquid Air
Ltd.



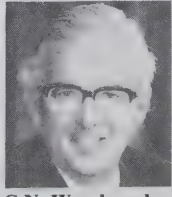
P.R. Sandwell
Vancouver
Chairman,
Sandwell and
Company Limited



P.N. Thomson
Coral Harbour,
Bahamas
Chairman,
T.I.W. Industries Ltd.



John A. Tory, Q.C.
Toronto
President,
The Thomson
Corporation Limited



C.N. Woodward
Vancouver
Chairman of the Board,
Woodward Stores
Limited

Chairman and Chief Executive Officer

W. Earle McLaughlin

President

Rowland C. Frazee

Vice-Chairman

J.K. Finlayson

Vice-Chairman

W.D.H. Gardiner (Toronto)

**Executive Vice-President and
Deputy Chief General Manager**

R.A. Utting

Executive Vice-Presidents

T.S. Dobson

B.J. McGill

Head Office**Senior Vice-Presidents
and General Managers**

W.L. Arthur (Administration)

J.C. McMillan (Corporate Banking,
Canada)

R.C. Paterson (Finance and Investments)

A.R. Taylor (International)

H.E. Wyatt (Canada)

Deputy General Managers

G.C. Aitken (Toronto)

R.L. Arsenault

J.E. Cleghorn

C.N. Downing

A.G. Halliwell

H.S. Hardy

W.A. Maas

A.H. MacKenzie

J.A. Milburn

R.M. Mitchell

M.J. Regan

Chief Economist

R.G.M. Sultan

Chief Inspector

L.E. Gillmoure

Comptroller & Chief Accountant

K.A. Smee

RoyLease Limited/**RoyMarine Leasing Limited**

R.G. Hunkin

Secretary

R.J. Moores

Assistant General Managers

E.P. Archibald

G.A. Bellevue

W.C. Bull

G.R. Burns

W.P. Carter

A. Cravero

J.C. Grant

L.M. Irvine

G.J. Johnson

E.W. Latimer

D.C. Maltby (Toronto)

R.B. Robertson

E.D. Welland

Field Operations**Vice-Presidents**

P.A. Fr  chette—Quebec (Montreal)

W.D. Henry—British Columbia
(Vancouver)

H.E. McClenaghan—Ontario (Toronto)

W.S. Snook—Ontario (Toronto)

R.G.P. Styles—Europe, Middle East &
Africa (London, England)**General Managers**

R.B. Ashforth (Calgary)

J.G.R. B  nard (Montreal)

B.D. Gregson (Toronto)

N.H.P. Hardinge (London, England)

H.G. Hurd (Regina)

A.A. Johnson (Montreal)

B.M. Lamont (London, England)

W.A.R. MacDonald (Winnipeg)

A.H. Michell (Toronto)

M.O.P. Morrison (Toronto)

C.O. Rochon (Montreal)

P.J. Rossiter (Montreal)

J.C. Sinclair (Halifax)

A. de Takacsy (Paris, France)

J.M. Walker (Montreal)

Assistant General Managers

E.R.G. Burgess (Ottawa)

B.D. Champion (Montreal)

A.M. Channell (Vancouver)

A.E. Colling (Toronto)

W.J. Gorman (Toronto)

R.F. Gulliford (Toronto)

B.V. Kelly (Montreal)

D.N. Kitchen (Toronto)

W.P. Lefavre (Edmonton)

E.J. Lovick (Vancouver)

G.E. Lowe (Montreal)

W.J. MacKay (Calgary)

J.G. Macpherson (Vancouver)

J.B. McDonald (Toronto)

W.N. McFadyen (London, England)

H.R. McLean (Toronto)

J.M. Messmer (Toronto)

J.V. Oram (Montreal)

J.N.T. Rednall (Hong Kong)

H.C. Stewart (Montreal)

R.A. Thomas (New York)

M.L. Turcotte (Montreal)

E.K. Upstone (Toronto)

D.S. Wells (Montreal)

G.W. Wheeler (Toronto)

Banking Divisions

Canada

H.E. Wyatt, Senior Vice-President and General Manager
H.S. Hardy, Deputy General Manager

Commercial Banking

A.G. Halliwell, Deputy General Manager
E.P. Archibald, Assistant General Manager, Commercial Lending and Marketing
W.P. Carter, Assistant General Manager, Mortgages and Special Deposit Services

Consumer Banking

W.A. Maas, Deputy General Manager
E.D. Welland, Assistant General Manager, Consumer Credit

Branch Banking Services

R.B. Robertson, Assistant General Manager

Corporate Banking

J.C. McMillan, Senior Vice-President and General Manager

Corporate Development

J.A. Milburn, Deputy General Manager

Corporate Lending

J.E. Cleghorn, Deputy General Manager
G.A. Bellevue, Assistant General Manager
G.R. Burns, Assistant General Manager

Corporate Marketing

D.C. Maltby, Assistant General Manager (Toronto)

Project Financing

G.J. Johnson, Assistant General Manager

International

A.R. Taylor, Senior Vice-President and General Manager
M.J. Regan, Deputy General Manager
A. Cravero, Assistant General Manager

International Money Markets

R.M. Mitchell, Deputy General Manager

Corporate Divisions

Administration

W.L. Arthur, Senior Vice-President and General Manager

Chief Inspector's Department

L.E. Gillmoure, Chief Inspector

Organization

W.C. Bull, Assistant General Manager

Personnel

A.H. MacKenzie, Deputy General Manager

Real Estate Resources

R.L. Arsenault, Deputy General Manager
L.M. Irvine, Assistant General Manager

Secretariat

R.J. Moores, Secretary

Systems and Processing Operations

C.N. Downing, Deputy General Manager
J.C. Grant, Assistant General Manager
E.W. Latimer, Assistant General Manager

Finance & Investments

R.C. Paterson, Senior Vice-President and General Manager

Control and Financial Planning

K.A. Smee, Comptroller and Chief Accountant

Economics Department

R.G.M. Sultan, Chief Economist

Investments

G.C. Aitken, Deputy General Manager (Toronto)

Corporate Planning

W.C. Bull, Assistant General Manager

RoyLease Limited/ RoyMarine Leasing Limited

R.G. Hunkin, President & Chief Executive Officer

Field Operations

Atlantic Provinces

Halifax

J.C. Sinclair, General Manager

Quebec

Montreal

P.A. Fréchette, Vice-President—Quebec
H.C. Stewart, Assistant General Manager, Administration

Montreal

C.O. Rochon, General Manager
B.D. Champion, Assistant General Manager, Corporate Banking
M.L. Turcotte, Assistant General Manager, Corporate Banking
D.S. Wells, Assistant General Manager (Montreal Branch)

Quebec East

J.G.R. Bénard, General Manager

Ontario

Toronto

H.E. McClenaghan, Vice-President—Ontario
W.S. Snook, Vice-President—Ontario
G.W. Wheeler, Assistant General Manager, Administration

East and North

M.O.P. Morrison, General Manager
E.R.G. Burgess, Assistant General Manager (Ottawa Branch)

Metro Toronto

B.D. Gregson, General Manager
D.N. Kitchen, Assistant General Manager (Toronto Branch)
H.R. McLean, Assistant General Manager, Branch Banking
R.F. Gulliford, Assistant General Manager, International Banking
J.M. Messmer, Assistant General Manager, Corporate Banking
E.K. Upstone, Assistant General Manager, Corporate Banking
W.J. Gorman, Assistant General Manager, Corporate Marketing & Development

Ontario West

A.H. Michell, General Manager
A.E. Colling, Assistant General Manager, Corporate Banking
J.B. McDonald, Assistant General Manager, Branch Banking

Manitoba and Northwestern Ontario

Winnipeg

W.A.R. MacDonald, General Manager

Saskatchewan

Regina

H.G. Hurd, General Manager

Alberta

Calgary

R.B. Ashforth, General Manager
W.J. MacKay, Assistant General Manager, Alberta South

Edmonton

W.P. Lefaiivre, Assistant General Manager, Alberta North

British Columbia

Vancouver

W.D. Henry, Vice-President and General Manager
A.M. Channell, Assistant General Manager, Corporate Banking
E.J. Lovick, Assistant General Manager, Branch Banking
J.G. Macpherson, Assistant General Manager, Corporate Banking

Asia and Australia

Montreal:

P.J. Rossiter, General Manager,
Asia and Australia
R.C. McDonald, Regional Manager,
Asia and Australia

Hong Kong:

J.N.T. Rednall, Assistant General Manager,
Asia and Australia

Europe, Middle East & Africa

London:

R.G.P. Styles, Vice-President,
Europe, Middle East & Africa
N.H.P. Hardinge, General Manager,
U.K. and Scandinavia
B.M. Lamont, General Manager,
Middle East & Africa

Paris:

A. de Takacsy, General Manager,
Continental Europe

Latin America and Caribbean

Montreal:

A.A. Johnson, General Manager
B.V. Kelly, Assistant General Manager
J.P. Hutchison, Regional Manager,
Caribbean
T.H. Kennedy, Regional Manager,
Latin America
M.A. Brennan, Regional Manager,
Latin America—Direct Business

Bridgetown:

N. Brewis, District Manager,
Eastern Caribbean

Georgetown:

C.H. Anderson, District Manager, Guyana

Nassau:

C.W. Minard, District Manager,
Bahamas, Belize and Cayman Islands

San Juan:

J. Scott, District Manager,
Puerto Rico and U.S. Virgin Islands

Santo Domingo:

L.L. Street, District Manager,
Dominican Republic and Haiti

U.S.A.

Montreal:

J.M. Walker, General Manager, U.S.A.
J.V. Oram, Assistant General Manager,
U.S.A.
G.E. Lowe, Assistant General Manager,
U.S.A.

New York:

R.A. Thomas, Assistant General Manager
and Chief Agent, New York

San Francisco:

I.R. Hastings, Senior Agent

Australia

Sydney, 139 Macquarie St.,
Sydney, N.S.W. 2000
J.A. Turner, Regional Representative
M.J. Bielarczyk, Representative

France

Paris, 3, rue Scribe, 75440 Paris, Cedex 09
P.H. Hofmann, Senior Representative,
Continental Europe
L.F.H. Borda, Regional Representative
R.C. French, Regional Representative

Germany

Frankfurt, Bockenheimer Landstrasse 39,
6, Frankfurt/Main 1
C.G. Morkel, Regional Representative
G.W. Reinzuch, Representative

Hong Kong

Hong Kong, 12th Floor, New Henry House,
10 Ice House St., P.O. Box 3302, Hong Kong
N. Bailey, Regional Representative

Japan

Tokyo, Suite 442, Kokusai Bldg.,
1-1, Marunouchi 3-Chome
P.O. Box 1709, Tokyo
R.G. Laliberté, Regional Representative
B.F. Legg, Representative
A. Tsuji, Representative

United Kingdom

London, 2 Palace Gate, W8 5NF
D.R. Crook, Regional Representative
A.J. Charles, Regional Representative
A.A. McArthur, Oil & Gas Representative

United States of America

New York, N.Y., 68 William Street,
New York 10005
P.J. Hatt, Agent, Corporate Development
W.J.E. Poynter, Representative
D.P. Ryan, Representative
R.E. Thompson, Representative

Chicago, Ill., 33 North Dearborn Street,
Room 1215, Chicago 60602
D.B. McKeeman, Resident Representative
A.B. Colpitts, Representative
J.D. Frost, Representative
D.L. Sanderson, Representative

Dallas, Texas, 333 North St. Paul Street,
Suite 2128, Dallas 75201
M.B. Lambert, Resident Representative
J.M. McIntyre, Representative
G.R. Jaeckel, Representative

Los Angeles, Cal., 510 West Sixth Street,
Suite 1221, Los Angeles 90014
J.G. Murray, Resident Representative
E.W. Moyer, Representative

Toronto, Ontario, Canada
7th Floor, South Tower,
Royal Bank Plaza M5J 2J5
G.D. Gillespie, Regional Representative,
U.S.A.
L.A. Gartner, Representative, U.S.A.

Montreal, Quebec, Canada
3 Place Ville Marie,
Montreal H3C 3A9
J.T. Gardiner, Regional Representative,
U.S.A.

Venezuela

Caracas, Edificio Cavendes,
7th Floor, Office No. 103
Avenida Francisco Miranda,
Corner 1A, Avenida Los Palos Grandes
Apartado 70666, Caracas 107
J.R. Glahome, Regional Representative

Bahamas

*The Royal Bank of Canada International
Limited*
Beaumont House, P.O. Box N-3024
Nassau, N.P.
J.F. Smith, President
R.A. Lacey, Vice-President &
General Manager

Channel Islands

*The Royal Bank of Canada
(Channel Islands) Limited*
Saumarez St., P.O. Box 48
St. Peter Port, Guernsey
T.J. Betley, Managing Director

France

The Royal Bank of Canada (France)
3, rue Scribe, 75440 Paris, Cedex 09
A. de Takacsy, President

Lebanon

*The Royal Bank of Canada (Middle East)
S.A.L.*
P.O. Box 11-2520, Beirut
B.M. Lamont, President (London, England)
E.W. Brokes, General Manager

United States of America

The Royal Bank and Trust Company
68 William St., New York 10005
R.A. Thomas, President
A.J. Bassett, Vice-President & Trust Officer
W.A. McLeod, Vice-President

Africa (Central African Nations)

Equator Bank Limited
777 Main Street
Hartford, Connecticut 06115
Niles E. Helmboldt, President

Australia

RoyAust Limited
6th Floor, 139 Macquarie St.
Sydney, N.S.W. 2000
John A. Turner, Director

Bahamas

RoyWest Banking Corporation Limited
P.O. Box N-4889, Nassau, N.P.
T.J. Edwards, Managing Director

Belgium

Banque Belge pour l'Industrie, S.A.
1, rue de Ligne, 1000 Bruxelles
Jacques Glorieux, Chairman
A. Stas de Richelle, Managing Director
R.W. Brydon, Manager, International

Brazil

Banco Internacional S.A.
Rua 15 de Novembro 240, São Paulo
J.A. Mano Silva, President
R.G. Whalin, Vice-President

Canada

Aetna Factors Corporation Ltd.
Alexis Nihon Plaza, 1500 Atwater Avenue
Montreal, Quebec
D. Higgins, President

Insmor Holdings Limited
W.P. Carter, Director

Insmor Mortgage Insurance Company
4 King Street W., Toronto, Ontario
D.R. Smith, President

RoyLease Limited
1 Place Ville Marie
P.O. Box 6001
Montreal, Quebec H3C 3A9
R.G. Hunkin, President

RoyMarine Leasing Limited
1 Place Ville Marie
P.O. Box 6001
Montreal, Quebec H3C 3A9
R.G. Hunkin, President

RoyMark Financial Services Limited
11 King Street W., Suite 1402
Toronto, Ontario M5H 1A3
D.W. Morison, Chairman

RoyMor Ltd.
1 Place Ville Marie
Montreal, Quebec H3B 3Y1
R.C. Paterson, President

RoyNat Limited
620 Dorchester Blvd. W.
Montreal, Quebec H3B 1P2
J.D. Thompson, President

Cayman Islands

RoyalBankest Limited
George Town, Grand Cayman
P.J. Leggatt, Senior Vice-President &
Secretary

Colombia

Banco Royal Colombiano
Apartado Aereo 3438
Bogota, Colombia
J.H. Stech, President & General Manager

France

Interunion-Banque
8, Place Vendôme, 75001 Paris
Derek C. Pey, Chairman and
Chief Executive Officer
A. de Takacsy, Deputy Chairman

Germany

Bankhaus Burgardt und Bröckelschen A.G.
P.O. Box 255
22-24 Westenhellweg, 4600 Dortmund
J. Völling, Chairman
M.A. Nicolai, Managing Director

Greece

RoyMidEast Investments Limited
Leoforas Kifisias 38
Paradisos Amarousion, Athens
E.W. Brokes, Managing Director

Hong Kong

Inchroy Credit Corporation Limited
16th Floor, Wing Lung Bank Building
45 Des Voeux Road, Central
H.A. Jacobsen, Managing Director

Orion Pacific Limited

28th Floor, Alexandra House
16-20 Chater Road
R.C. Hall, Chairman
H.P. Van Aggelen, Managing Director

RoyEast Investments Limited
12th Floor, New Henry House
10 Ice House St., Central
G.W. Swindell, Managing Director

Jamaica

The Royal Bank Jamaica Limited
30-36 Knutsford Blvd.
P.O. Box 612, Kingston
R. St. A. Sasso, Chairman &
Managing Director

West Indies Leasing Company Limited
60 Knutsford Blvd., Kingston

The Netherlands

RBC Finance B.V.
Herengracht 485, Amsterdam 1001
R.A. Masleck, Managing Director

Thailand

Cathay Trust Company Limited
Cathay Trust Building
1016 Rama 4 Road, Bangkok
Kiartie Srifuengfung, Chairman
C.M. Keppie, Managing Director

Trinidad & Tobago

The Royal Bank of Trinidad and Tobago Limited
3B Chancery Lane, P.O. Box 287
Port of Spain
C.P. de Souza, Chairman &
Managing Director

The Royal Bank Mortgage & Finance Co. Ltd.
31 Frederick Street
Port of Spain
W.O. Dasent, Managing Director

General Finance Corporation Limited
48 Park Street, P.O. Box 1325
Port of Spain

United Kingdom

Libra Bank Limited
1 London Wall, London EC2Y 5DN
Dr. A. Machado Gomez, Chairman
T.F. Gaffney, Managing Director

Orion Bank Limited
1 London Wall, London EC2Y 5JX
The Hon. David Montagu, Chairman and
Chief Executive Officer
W.N. McFadyen, Managing Director
P.A. Taylor, Executive Director

Orion Leasing Holdings Limited
1 London Wall, London EC2Y 5JX
The Hon. David Montagu, Chairman
A. Knul, Managing Director

Venezuela

Banco Royal Venezolano C.A.
No. 31 Sociedad a Camejo, Apartado 1009
Caracas 101
A.J. Lara, President
H.J.W. Brophy, Vice-President

Bahamas

Trust Corporation of Bahamas Limited
West Bay Street
P.O. Box N-7788, Nassau, N.P.
D.R. Kester, Deputy Chairman and
Managing Director

Barbados

Royal Bank Trust Company (Barbados) Limited
Cockspur House, Nile Street, Bridgetown
N.L. Smith, Manager

Cayman Islands

Royal Bank Trust Company (Cayman) Limited
George Town, Grand Cayman
J.G. Morgan, Managing Director

Guyana

Royal Bank Trust Company (Guyana) Limited
Royal Bank Building
38-39 Water Street
Georgetown
N. Persaud, Manager

Jamaica

Royal Bank Trust Company (Jamaica) Limited
30-36 Knutsford Blvd.
P.O. Box 622, Kingston
G.L. Byles, Managing Director

Trinidad & Tobago

Royal Bank Trust Company (Trinidad) Limited
18 Park Street, P.O. Box 1293
Port of Spain
R.S. Prasad, General Manager

United Kingdom

The Royal Bank of Canada Trust Corporation Limited
30-32 Ludgate Hill, London EC4M 7ND
B.A. Ramsey, General Manager
D.A. Jones, Joint General Manager

Agricultural Services

Winnipeg, Manitoba
H.D. McRorie, Director

Halifax, Nova Scotia
R. Wagner, Manager

Montreal, Quebec
F. Fortier, Manager

Toronto, Ontario
G.W. Arnold, Manager

Winnipeg, Manitoba
C. Shewfelt, Manager

Regina, Saskatchewan
J.L. Drew, Manager

Calgary, Alberta
K.R. Sveinson, Manager

Vancouver, British Columbia
J.L. Ranta, Manager

International Centres

Halifax, Nova Scotia
G. Parry, Manager

Montreal, Quebec
D.N. Romain, Manager

Toronto, Ontario
G.A. Voyer, Manager

Winnipeg, Manitoba
G.W. Cooper, Manager

Regina, Saskatchewan
J. Williamson, Manager

Calgary, Alberta
G. Underwood, Manager

Vancouver, British Columbia
W.H. Thompson, Manager

Mergers and Acquisitions

Montreal, Quebec
R.P.R. Ouellette, Manager

Toronto, Ontario
D.F. Payne, Manager

Mining Resource Industry Dept.

Toronto, Ontario
D.E. Smith, Director
M.C. Newbury, Mining Representative

Vancouver, British Columbia
H.C. Burnett, Representative

Oil and Gas Services

Calgary, Alberta
R.D. Jensen, Director
K.R. Kettlewell, Manager, Engineering

Canadian Branches*

Newfoundland 20/Nova Scotia 85
 Prince Edward Island 6/New Brunswick 30
 Quebec 230/Ontario 584/Manitoba 99
 Saskatchewan 104/Alberta 143
 British Columbia 202/Northwest
 Territories 3/Yukon 3

Total 1,509

Branches in Other Countries 86
 Total (including sub-branches) 1,595
 *At October 31, 1977

In addition to the above, the Royal Bank
 has financial interest in 85 Subsidiaries
 and Affiliates throughout the world.

The Royal Bank of Canada is represented
 through branches, subsidiary or affiliated
 banks, trust companies, other financial
 institutions or resident representatives in
 the following countries:

Antigua/Argentina/Australia/Bahamas
 Barbados/Belgium/Belize/Brazil
 Cayman Islands/Channel Islands
 Colombia/Dominica/Dominican
 Republic/Egypt/France/Germany
 Greece/Grenada/Guadeloupe/Guyana
 Haiti/Hong Kong/Jamaica/Japan
 Lebanon/Martinique/Montserrat
 The Netherlands/Panama/Puerto Rico
 St. Kitts/St. Lucia/St. Vincent
 Singapore/Thailand/Trinidad & Tobago
 United Arab Emirates (Dubai)
 United Kingdom/United States of
 America/U.S. Virgin Islands/Venezuela

**Detailed information concerning Royal
 Bank representation throughout the
 world may be obtained from any branch
 of the Bank, or from the Bank's Head
 Office, 1 Place Ville Marie, Montreal,
 Canada (P.O. Box 6001, Montreal,
 Que., H3C 3A9 Canada).
 Telephone (514) 874-2110.**

Credits:

Design:

CBS Graphics Inc., Montreal

Photography:

Gilbert Studios Ltd., Toronto

Pages 2, 4, 6, 8, 10, 12, 14, 16, 18(top),
 20(top), 22, 24

Max Sauer Studio, Montreal

Pages 18 (bottom), 20 (bottom)

Translation:

Les Traducteurs Associés G.F.T., Montreal

Type:

M & H Typography, Montreal

Photoengraver:

Knight Graphics Limited, Montreal

Paper:

Cover: Cornwall Coated Card, I/S
 manufactured by Domtar

Fine Papers Ltd.

Inside: Renaissance Dull-Coat, 160M
 manufactured by Rolland Paper Co. Ltd.

Ink:

Sinclair & Valentine Co. of Canada Limited

Printer:

Ronalds Printing, Montreal

